

The Internet as a Tool to Strengthen Economic Policies

Opportunities to: Strengthen Trade/Investment, Improve Business Environments, & Incorporate Web-based Training

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I. EXECUTIVE SUMMARY. The objective of this study is to develop new approaches for USAID to promote economic reform in developing countries and transitional societies via use of the Internet. The first deliverable, an inventory of Internet development uses and analysis of ten Internet-based programs, was submitted on October 27. *This report is the second deliverable: It analyzes USAID's economic policy agenda and details three economic reform initiatives which could be conducted via the Internet.* The final deliverable will be a detailed description of an Internet-based economic reform program.

A. The Policy Agenda. This second deliverable began with an analysis of USAID's economic policy agenda. All FY 1998 Congressional Presentations were reviewed and economic policy information was extracted according to six classifications: Macroeconomic, agricultural, industrial, trade and investment, financial, and business environment policies. After an analysis and discussions with the Center for Economic Growth, a decision was made to focus on: (a) strengthening trade and investment policies; (b) improving business environments; and (c) incorporating web-based training.

B. Trade and Investment Policies. Nineteen USAID country or regional programs have objectives to improve trade and/or investment policies, eleven having a major focus on such policies. There are many potential partners to support Internet-based trade and investment policy strengthening, ranging from international to American government agencies, non-profit organizations, and universities; including the World Trade Organization, U.S. National Telecommunications and Information Agency, International Tax and Investment Center, and Michigan State University.

While these and other institutions have a policy orientation, there are also business facilitation services which could help strengthen trade and investment policies. Examples include the International Finance Corporation's African Business Network which seeks to increase foreign investment in Africa; TradePoint USA, a non-profit dedicated to trade facilitation; and Trade Compass, a for-profit, international Internet-based trade service.

The six Internet applications presented in the first deliverable to strengthen general economic policies also prove valuable tools when focusing on trade and investment. These are economic research and analysis, public transparency and advocacy, professional networking, institutional networking, distance technical assistance, and distance learning.

USAID could follow three approaches to strengthen trade and investment policies:

1. Organize an Internet presence to support USAID projects. The Center for Economic Growth can facilitate a more deliberate and coordinated use of the Internet by establishing a web presence dedicated to strengthening trade and investment policies. This site would be open to all USAID program managers, counterparts and partners; and would describe ongoing programs, contain a virtual library, link with other sites, moderate chat rooms, provide listserves, connect with other donors, allow consultants to provide on-line advice, guide distance learning opportunities, permit public advocacy and transparency, and foster innovation.

2. Encourage trade and investment policy institutions to become virtual. A second alternative would build on the first but also encourage other policy organizations to become virtual partners. These partners could be American training providers, consulting groups, think tanks, universities, professional and trade organizations, government agencies, private voluntary organizations, and state and local governments. This approach would also encourage partners in developing countries and transitional societies to participate, thereby expanding both the supply of relevant content, expertise and learning opportunities, and actual demand for the service.

3. Support a specific policy reform -- employing all Internet applications. This approach would focus on an important and strategic trade and investment policy. For example, if telecommunications liberalization were selected, USAID might organize an Internet presence with links to all appropriate USAID programs, a virtual library, an opportunity for participating countries to present their policies; linkages with other sites (e.g. National Telecommunications and Information Agency); a moderated "chat room" to discuss subjects (e.g. recent global telecommunications agreements); listserves and virtual conferences (e.g. the benefits of competitive markets for Internet services), linkages to donor and non-government organizations, connections to on-line telecommunications advisors, directions to telecommunications distance learning sites, public advocacy (e.g. World Information Technology and Services Alliance), and space for innovation. Organizations like the U.S. Telecommunications Training Institute would be encouraged to develop distance learning courses and an Internet presence.

C. Improved Business Environment Policies. Eighteen USAID country or regional programs want to improve business environments -- defined as improving commercial and economic laws and practices, and strengthening business associations. Of these, eleven have a major focus on improving the business environment. Of the eighteen USAID programs, seventeen express the need to strengthen a variety of commercial and economic laws and practices, and five express a need to strengthen business associations.

There are many potential Internet partners to improve business environments, ranging from American government agencies, to non-profit organizations, for-profit firms, and universities; including the U.S. Patent and Trademark Office to improve intellectual property rights, Center for International Private Enterprise to strengthen business associations, USAID legal and institutional reform contractors to address commercial policies ranging from collateral to condominium laws, and Cornell's Legal Information Institute which electronically distributes legal documents and commentary.

The same six Internet applications also can help improve business environments. USAID could take five approaches to improve business environments. The first three follow the approaches to strengthen trade and investment policies, and the latter two are more specific to commercial law reform and business association strengthening.

1. Organize an Internet presence to support USAID projects. The Center for Economic Growth could coordinate use of the Internet to strengthen business environments,

much as was articulated and structured above for trade and investment policies.

2. Encourage business environment policy institutions to become virtual. The second approach would build on the first but also encourage other organizations to become virtual, again as structured above for trade and investment policies.

3. Support a specific policy reform -- employing all Internet applications. The third approach would take a common business environment issue and implement Alternatives 1 and 2 in a focused manner. An example of this would be to focus on improving government procurement regulations and practices.

4. Establish a web-based commercial law repository and advocacy center. The fourth approach recognizes how valuable the Internet is to American legal professionals and how important it is for developing countries and transitional societies to be able to research and compare commercial laws and practices. Thus, USAID's Center for Economic Growth could establish a meta web site which would allow economic laws of USAID countries to be posted, along with commentaries to explain why and how the laws were adopted. This would help consolidate separate efforts to address a variety of commercial laws, to some extent in isolation of one another. One could group regions with common legal systems and histories together; for example, those countries of the former Soviet Union and Eastern Europe that are developing condominium laws as they migrate from public to private housing. Advocacy could be built into this effort, utilizing existing ranking systems to compare business environments in USAID countries. Best practices, and model laws, regulations and procedures could also be posted.

5. Strengthen relationships and support among business associations. The Internet is a particularly attractive tool to strengthen business associations; the Leland Initiative in Africa demonstrating that business leaders are among the first to grasp the Internet's power. USAID's Center for Economic Growth could take a larger view and attempt to establish a global network to link business associations in USAID countries and regions with one another and with appropriate institutions in the U.S.. The Center for International Private Enterprise has demonstrated how the Internet can be used to support private business associations, but more can be done: carrying out economic research, distance technical assistance and distance learning, being just three such applications.

D. Incorporate Web-Based Training. One third of American colleges and universities offered distance education classes in 1995 and another quarter planned to offer courses in the next three years. Almost 26,000 distance education courses were available, more than 750,000 students participated, and 690 degrees and 170 certificates were awarded in 1995. It is expected the Internet will become the preferred delivery mechanism for such training in 1998.

Public universities have been predominant, but private colleges and universities have also been offering classes. For example, Duke University offers a Global MBA program using the latest Internet technologies. Virtual universities, whose campuses are defined strictly by

computer networks, are also growing. Peterson's Guide to Distance Learning lists distance education opportunities in accredited colleges and universities. The 1998 edition lists 1 degree and 325 classes in economics; and 120 degrees and 455 classes in business.

Private corporations are also engaged in distance learning; in fact 30% of all distance learning in the U.S. being provided by non-academic sources. Financial Courseware, a private training provider, is one example, specializing in short courses on international financial markets and instruments to more than 500 organizations.

In 1995, 28% of all USAID training supported business and free market economics, the single largest area for formal training. This report analyzed USAID's participant training database between 1994-1996. It found that (a) the great preponderance of training is short-term and technical in nature, which should be particularly suited for Internet-based distance learning; (b) much of the training (two-thirds) relates to business administration, finance and management, areas where Internet-based training programs have a dominant role; and (c) the bulk of degree training is at the associate and masters levels, for which there are multiple options via Internet based distance learning. At the same time, few examples of USAID utilizing distance learning in these fields were found.

A number of actions can be taken to better utilize Internet technologies to strengthen economic policy programs. They can be broken down into four approaches:

1. Utilize existing Internet-based distance learning opportunities already available at American colleges, universities, and training institutions. This effort merely records existing opportunities and let's USAID program managers know what is available so that informed choices might be made. It would create a Directory of On-Line Economics and Business Training, containing training opportunities from American colleges and universities, professional and trade associations, and other on-line training. The Directory would also describe technological requirements for delivering all training, and successful examples of how on-line education has been incorporated into foreign aid programs.

2. Encourage American institutions to develop and market new on-line training programs customized to the needs of economic policy reform efforts. While the first alternative is passive, basically setting up mechanisms whereby distance learning as practiced in the United States is reflected within USAID economic policy programs, this alternative would play a more aggressive role in shaping how American educational institutions view and interact with emerging overseas markets. After analyzing USAID's need for policy-based training and comparing that with off-the-shelf opportunities, USAID would approach educational institutions where a need for more on-line opportunities to become apparent. A variation on this theme would be to select a global economic policy of particular importance and encourage appropriate American institutions to develop supportive Internet-based distance learning programs.

3. Facilitate American distance learning providers to actively target students in particular countries or regions for existing and/or customized courses associated with

economic growth and policy reform. By focusing on a country or region, one could better tailor economic and business programs on: (a) the instructional needs of the country or region; (b) the language and cultural requirements of the area; and (c) technological solutions to overcome telecommunications barriers to delivery. This might be particularly appropriate in graduating USAID countries and regions, or in a region with compelling development problems, such as sub-Saharan Africa.

4. Develop a virtual economic growth university for USAID and its contractors, grantees, and host country partners. This would allow USAID to capture, disseminate and cross-fertilize in-country training programs presently developed and conducted in isolation by USAID contractors and grantees. Digital and interactive technologies allow one to begin archiving and networking among training programs. Over time, USAID could develop a series of short-term training programs which could be utilized when and where appropriate; creating a catalogue of in-country training in business and free market economics. A virtual library could also be established with important research results available to all partners. A virtual learning community would thereby evolve.

II. BACKGROUND.

The objective of this study is to develop new approaches for USAID to promote economic reform in developing countries and transitional societies via use of the Internet. The approaches are to provide new, cost-effective models to accelerate economic growth, reduce poverty, and support sustainable development. As a result, USAID may initiate at least three potential applications of Internet-based electronic assistance in at least three USAID-assisted countries, including partners in the U.S. and host countries.

The study requires three deliverables.

1. The first, an inventory of Internet development uses, including a detailed analysis of approximately ten Internet-based programs that are most relevant, was submitted on October 27.

2. This is the second deliverable: *(a) A matrix outlining countries, sectors, policies and American institutions where electronic assistance can make a significant contribution to economic policy reform; and (b) a detailed description of 3 economic reform initiatives which could be conducted via the Internet, including countries, sectors, policies and American partners.*

3. The final deliverable will be a detailed description of an Internet-based economic reform program for the Center for Economic Growth.

Meetings were held with the Center for Economic Growth on October 30 and November 13 at which times it was decided that the three initiatives to be explored in this second deliverable will be:

1. Trade and Investment Policy Reform
2. Business Environment Policy Reforms
3. Distance Education -- across economic policy arenas.

III. METHODOLOGY.

This second deliverable began with an analysis of USAID's economic policy agenda. All of USAID's FY 1998 Congressional Presentations were reviewed and economic policy information was extracted according to six classifications:

- C Macroeconomic policies (ranging from budget, to taxation, foreign exchange regimes, and general economic policy strengthening);

- C agricultural policies (such as marketing of agricultural inputs and commodities and pricing)

- C industrial policies (ranging from privatization, to domestic competitiveness, and energy/telecommunications deregulation);

- C trade and investment policies (including tariff and non-tariff barriers, investment codes);

- C financial policies (stock and bond markets, bank regulations and capacities); and

- C business environment policies (commercial and economic laws and practices and business associations).

Attachment A presents a 43-page table entitled “Matrix of USAID Countries, Sectors and Policies” which describes USAID’s economic policy agenda on a country-by-country basis within these six categories. Regional programs are included, some of which had substantial economic policy content.

The matrix gives an accurate profile of the economic policy agenda which the Agency is presently engaged in. However, several weaknesses of the matrix need to be noted: (a) there was uneven quality of economic policy descriptions in the Congressional Presentations -- some Missions being very clear and detailed, and others vague and too brief; (b) it was difficult to clearly categorize policies -- some Mission activities could be described in more than one classification; (c) the macro-economic classification was purposefully broad to “catch” activities which didn’t quite fit in the other five categories; and (d) it was not possible to ascertain how accurate the Congressional Presentation narratives were and how much they are exaggerated to promote individual country programs. Yet despite these reservations, the matrix is believed to convey the broad economic policy profile of USAID interests today, even if some details might be misinterpreted based on the Congressional Presentations.

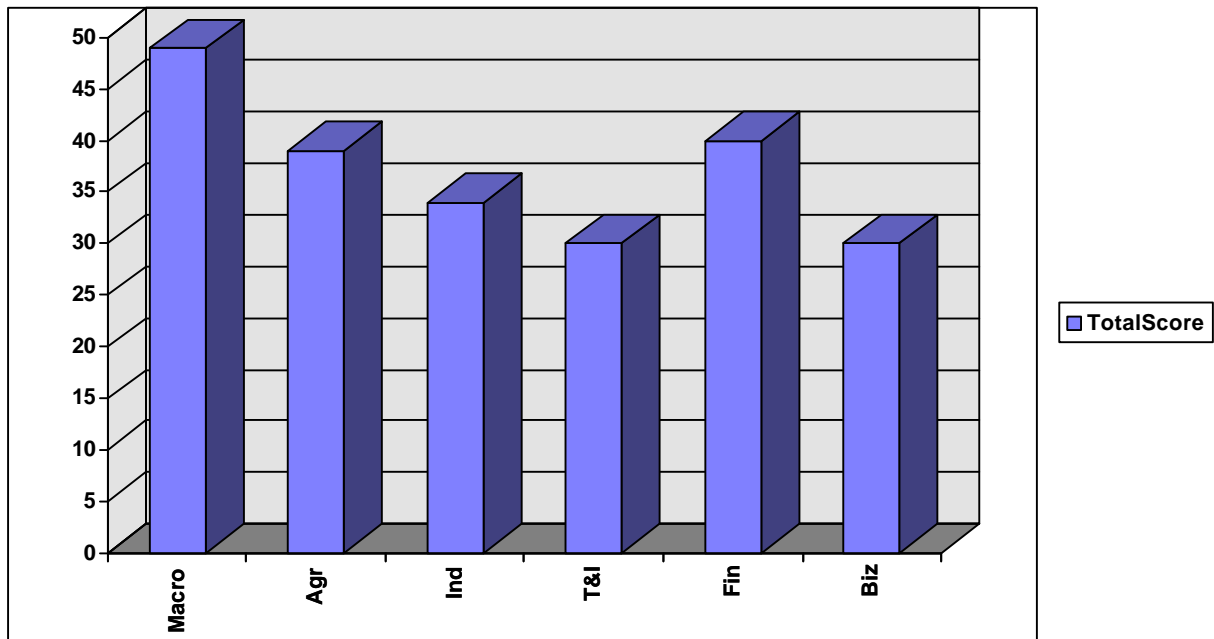
Based on this matrix, a summary table was compiled entitled “Distribution of USAID’s Economic Policy Agenda” which rates each economic policy by classification and country.

A rating of “2” implies that the USAID country program has a major interest in a particular policy, and a rating of “1” implies that the USAID country program has a minor interest in a particular policy. This ranking reflected the Congressional Presentation narratives as well as possible. The rankings were then summed up to establish three composite figures: (a) total raw scores; (b) number of countries with a major or minor interest in a particular policy agenda; and (c) an average score, dividing total scores by number of countries.

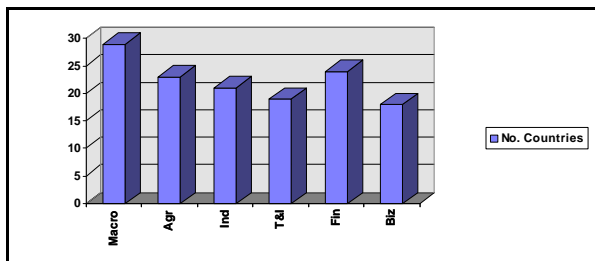
The results are displayed in the table below and the first two composite figures in the accompanying graphs.

Table: Ranking of USAID’s Economic Policy Agenda

Policies6 Rankings 9	MacroEcon- omic Policies	Agriculture Policies	Industria l Policies	Trade and Investmen t	Financial Policies	BizEnviron Policies
Total Score	49	39	34	30	40	30
No. Countries	29	23	21	19	24	18
Average Score	1.7	1.7	1.6	1.6	1.7	1.7



Graph I: Total Distribution Scores of USAID's Economic Policy Agenda.



Graph II: Distribution of Economic Policy Agenda by USAID Countries

If one were going to rigidly follow this quantitative analysis, USAID priorities for policy reform would be: (a) macroeconomic, (b) financial; (c) agricultural; (d) industrial; (e) trade and investment; and (f) business environment policies. However, for reasons mentioned above, the methodological problems with these rankings suggest that is sufficient to say that USAID has a robust policy agenda across all areas -- and that the two economic policy

initiatives for the study could rightly come from any of the six areas.

Thus, the selection of economic policies were made from the perspective of emerging markets, globalization of the world economy, and the emerging information age. From this prism, selections could be made from among: (a) finance; (b) industrial; (c) trade and investment; and (d) business environment policies. Macroeconomic policies are simply too broad while agricultural policies are associated with countries at the lower end of the development continuum. Based on this approach, the Center for Economic Growth chose (a) trade and investment policy strengthening; and (b) business environment policy improvements. Distance education was taken as the third initiative because of its perceived importance and its potential contributions to USAID's foreign aid programs.

Since the decisions were made on these three initiatives, much of the research has been conducted primarily over the Internet. Phone calls and email messages were used to interview and clarify information. A fairly extensive review of literature was also performed. The study also benefited from a presentation the author made to USAID on November 18 and by attendance and participation at two internal USAID working groups: One being the Internet forum on December 8 and the second being the Global Bureau information technology committee on January 16. The author also benefitted from attending a two-day workshop co-sponsored by the National Research Council and USAID on December 10-11 on the subject of distance learning and the Internet.

IV. STRENGTHEN TRADE AND INVESTMENT

A. Review of USAID's Trade and Investment Policy Objectives. Nineteen USAID country or regional programs have objectives to improve trade and/or investment policies. Of these, eleven missions have a major focus on such policies, while the remaining eight view trade and investment as less important in their overall programs. The following chart displays the distribution of USAID trade and investment policy programs while Attachment B briefly describes USAID's trade and investment policy reform agenda.

Trade and Investment Policy Chart

Region	Major Policy Programs	Minor Policy Programs
Africa	Ghana East/South Africa Regional Sahel Regional	Southern Regional
Asia/Near East	Indonesia Philippines Sri Lanka Egypt Jordan	Morocco
Europe/NIS	Russia Kazakstan	Lithuania Kyrgstan
Latin America/Caribbean	Central America Regional	Ecuador Guatemala Haiti Jamaica

B. Potential U.S. Partners. There are many potential U.S. partners for Internet-based trade and investment policy reform programs. The following table illustrates the range of such organizations, broken down two ways. The first are those organizations whose primary purpose is facilitating business transactions, and the second are those organizations whose primary objective is trade and investment policy strengthening.

Although the objective of this study is the investigation of ways to strengthen economic policies, business facilitation services can also lead to liberalized trade and investment regimes, as was explained in the first deliverable. There are numerous Internet-based public and private trade and investment business transaction services. A seminar series sponsored by USAID in 1995/96¹, in fact, considered how information technology was impacting on

Summary of Proceedings from Information Technology, Trade and Development, A Seminar Series. summary prepared by Coopers & Lybrand LLP, July 1996.

global trade and investment, and listed a number of Internet-based trade facilitation services, some of which are mentioned in this study.

Potential partners are also characterized as follows: international donor organizations, American government agencies, American non-governmental organizations, American firms, and American universities. We have included international organizations because of their prominent role in trade and investment facilitation, and the possibility of some working collaboratively with USAID.

At least three organizations for each category are presented, although there will undoubtedly others which surface should USAID move forward with the proposals suggested below. Attachment E presents a description of each of these organizations, along with the rationale for suggesting them as potential cyber-partners.

POTENTIAL TRADE AND INVESTMENT PARTNERS

Potential Partner	Business Transactions	Policy Strengthening
Int'l Partners	UNCTAD Trade Points IFC: Africa Business Network. MIGA: IPANet, Privatization Link	IADB: Informatics 2000 World Trade Organization World Bank International Monetary Fund
U.S. Partners		
Government	US Dept of Commerce: STAT-USA U.S. Department of Agriculture Overseas Private Investment Corp US Export-Import Bank US Trade Development Agency	National Telecom and Inform Agency US Securities and Exchange Commission U.S. Information Agency US Trade Representative
NGO/Non Profits	US Chamber of Commerce: IBEX The World Trade Center Assn Federation of Intl Trade Assn TradePoint USA	International Tax and Investment Center International Agriculture and Trade Policy International Center for Economic Growth Center for Intl Private Enterprise American Chambers of Commerce Info Technology Association of America Caribbean/Latin American Action
Private for Profits	Trade Compass IMEX, Inc. Circle International Groups, Inc. Wells Fargo and Company Dunn and Bradstreet Info Services.	
Universities		IRIS, University of Maryland HIID, Harvard University Michigan State University

C. Internet Applications to Strengthen Trade and Investment Policies. The first

deliverable offered six Internet applications which are useful tools for strengthening economic policies. These are discussed and related to strengthening trade and investment policies. A chart then summarizes ways in which the Internet can serve as a policy tool.

1. Economic Research and Analysis: Collection of current and reliable information is essential for sound economic policy analysis and formulation. The Internet has a wealth of information and analytical tools for sound economic research and analysis, an ability for professionals to dialogue and conduct joint research, and emerging technologies which allow for interactive database management.

The Internet can help those engaged in trade policy reform. Policy makers involved with domestic and international trade policies require accurate and timely pricing and other information to make informed choices, much of which is available on the Internet. For example, the Internet contains important information for those making agricultural marketing policies -- such as global agricultural market reports, information on commodity markets, exchanges and quotes, weather information, farm journals and currency converters. Regional trade researchers can network to share data and findings across borders, such as with various USAID initiatives in West and East/Southern Africa. Non profits such as The World Trade Center Association and Federation of International Trade Associations provide a wealth of trade-related information useful for those who research and formulate policies, as well as those engaged in business transactions. Private trade facilitators such as Trade Compass, Circle International Group, and Wells Fargo and Company provide international trade references, trade leads, shipping and financial information, and other information useful for those who research world trade.

On the investment side, the Internet can assist those formulating investment policies, as well as private investors reacting to such policies. Public decision-makers can obtain general and specific information to help establish attractive investment policies, such as the investment policies for telecommunications and electric power in competing markets. Foreign portfolio and direct investors can research economic conditions in various emerging markets. For example, the International Finance Corporation, part of the World Bank Group, has a web-based Africa Business Network to facilitate investment in African economies. Dow Jones Business Directory² is a web presence providing links to useful information for private emerging market investors (see accompanying frame).

The Internet can help USAID conduct its trade and investment agenda. Regional trade integration efforts are envisioned for East and Southern Africa, the Sahel, and Central America. National trade liberalization is envisioned for Ghana, Indonesia, the Philippines, Egypt, Lithuania, Russia, Kazakhstan, Kyrgyzstan, Ecuador, Guatemala, Haiti and Jamaica. Investment policy changes are planned for Ghana, the Philippines, Jordan, Russia, Kazakhstan, and Kyrgyzstan. The Internet could help all these programs carry out necessary economic research and analysis.

Research on Emerging Market Investments

AccessIndia.com: Hourly updated Indian National Stock Exchange prices, closing prices of Bombay Stock Exchange and daily Indian market commentary.

BradyNet: Bond data on emerging markets, including market commentary

CME Emerging Market Products: Background information, quotes and settlement prices for Chicago Mercantile Exchange's emerging markets instruments, South African rand and Taiwan market commentary.

Emerging Markets Companion: Closing emerging market debt, equity, and futures prices as well as emerging market news and analysis. Market commentary also included, eg Russian Market Review

Emerging Markets Traders Association: General and technical trading information; extensive background on Brady Plan and emerging market development

IFC Emerging Markets Data Base: Daily and weekly stock market statistics, weekly commentary on emerging and frontier markets.

2. Public Transparency and

Advocacy. Transparency is important for an informed public and advocacy is important to lobby for change. The Internet may be an effective tool for transparency and advocacy, depending on the audience given today's uneven Internet access. International financial, business and specialized non-governmental organizations have made very effective use of the Internet for transparency and advocacy. However, the Internet cannot reach large audiences in developing countries so other media may be more effective.

These attributes of the Internet can benefit trade and investment reform programs. National governments can use the Internet to keep their citizens informed (assuming access) about particular policies concerning trade and investment, such as the benefits anticipated from freer trade between nations. Business leaders and their associations can use the Internet to compare trade and investment policies in their own countries with neighboring and competing economies, and use this information to formulate policies they would like their governments to adopt. Advocacy groups can use the Internet to lobby internationally for reforms. For example, the Institute for Agriculture and Trade Policy and International Technology Association of America both use the Internet to lobby for trade reforms. And finally, international organizations and donors can use the Internet as a vehicle to inform publics about the benefits, costs and issues associated with trade and investment policies. For example, the World Trade Organization ³ which deals with the rules of trade between nations, has electronic outreach in English, French and Spanish which provides press releases and significant documentation on trade topics such as intellectual property.

The Republic of Kazakhstan has a USAID-supported web site devoted to privatization. The Financial Times found it to be an award winning site, in part because of its advocacy function: “The web site has changed the mindset of entire constituencies within government, encouraging an open, global approach to business and creating a resource that allows for easy international networking.”

Advocating Privatization

USAID’s trade and investment policy agenda can benefit from the public advocacy and transparency attributes of the Internet. For example, the importance of freer trade and foreign investments can be explained to the publics in the countries and regions noted above where there is an outstanding policy debate. Business leaders in East and Southern Africa can compare trade and investment policies and codes of their neighbors and help their national leaders formulate reasonable policies for themselves. International advocacy groups can be encouraged to spread the message of freer trade and investment by using Internet tools.

3. Professional Networking. Economic policy analysts and program managers need to exchange news and views, collaborate on joint projects, and stay current in this dynamic global economy. The Internet by its very nature is ideally suited for professional networking. However, much of the professional networking today is among the donors. Broadening will occur as access and training expands. Virtual conferences and Internet newsgroups offer other opportunities for networking but work best when structured.

The international economy is evolving rapidly and public policy makers contemplating trade and investment policies need to stay current by networking with former professors, mentors, and colleagues in other countries. Economic researchers must network with each other to keep up-to-date on the findings of international research. Businesspersons need to network for the same reasons. Virtual conferences and listserves which allow communities of interest to discuss and explore issues can help with the formulation of trade and investment policies. For example, the International Food Policy Research Institute and the World Bank both use virtual conferences as a means of obtaining diverse views to help shape policies and create new programs.

Trade Compass Chat Rooms

Trade Compass is a private Internet information system, designed for businesses involved in international commerce. It provides tools to access current business and trade news, company profiles, trade leads, government documents, world trade flow statistics, market reports, shipping schedules, tariff regulations and customs information. It is also designed with an interactive on-line forum to discuss international business, legal and transportation issues, called “Trade Talk”.

The professional networking tools of the Internet can help strengthen USAID’s trade and investment policy agenda. USAID has a number of separate trade and investment policy reform programs spread across countries and regions, with little ability today to learn from each other. Host country counterparts, partners, contractors and grantees also lack an ability to communicate across projects. The Internet can help break these barriers down. For

example, a number of USAID country and regional programs stated a desire to help their host countries meet commitments to the World Trade Organization, but the Agency lacks networking tools to communicate with one another for this purpose.

4. Institutional Networking. Institutions need to remain as current on global economic conditions and thinking as do individuals. Economic policy institutions, be they business associations, think-tanks or universities, can grow stronger by having international partnerships. Institutional networking works best when organizations have a common agenda and mutual interest. In such circumstances the Internet is a great tool. When mutual interest is not present, the Internet can be as ineffective a tool as any other.

The Internet can assist economic research institutions and think tanks collaborate and stay current on trade and investment policies, particularly since national policies are relative to those of one's neighbors and competitors, as well as regional and global treaties. Many nations have their own investment promotion agencies which could benefit from interacting with one another, as in fact the Multilateral Investment Guarantee Agency's IPANet seeks to do. Business associations in developing countries are often involved in promoting trade and investment for which government policies are very important. The Internet can allow institutional networking among provincial chambers and help articulate a nation-wide business perspective. Non governmental organization can also network internationally thanks to the Internet.

USAID's trade and investment policy agenda can be strengthened by on-line institutional networking. Regional approaches are particularly amenable to the Internet because of the common problems regional institutions face and the value they see in networking. One can see this taking place, for example, among west and east/southern Africa business associations. Institutional networking can also be of value in a large, geographically dispersed country such as Indonesia which is trying to promote increased domestic competitiveness. Russia is in the same category, and efforts to link up provincial chambers of commerce come to mind here.

5. Distance Technical Assistance. Economic policy reform programs often require expensive, short-term technical assistance for very defined periods of time. The Internet can be a tool to deliver these services; on-line and on-time. The Internet can also provide greater access to leading luminaries who might otherwise decline assignments which require several weeks of undivided attention. Laying the groundwork and having local support is important to ensuring the effectiveness of this approach.

Formulating trade and investment policies often requires specialized expertise, in such areas as oil and gas investment codes, and non-trade barriers to a particular agricultural commodity. Technical assistance to address these industry specific questions is both quite expensive and hard to come by. Greater use of the Internet can help bridge this gap. The International Tax and Investment Center is doing this precisely, as it taps into specialists who are otherwise engaged, such as teaching at elite universities. The Institute for Agriculture and Trade Policy also offers consulting and technical assistance to its partners

around the world, largely via the Internet. On a more limited scale, Trade Compass has a service called “Ask Trade Compass”, which allows users to submit questions to trade experts, which are then answered. The Internet can also be used to bring in new foreign aid partners, institutions and individuals who are otherwise encumbered but might be available for short periods of time on a regular or occasional basis.

USAID trade and investment programs can benefit from distance technical assistance. While it might prove difficult to obtain the services of a world expert for a short-term assignment to help Kyrgystan’s application to the World Trade Organization, it is less difficult to obtain that individual’s expertise if it is delivered over the Internet. Some of the Internet-based business facilitation services, in fact, offer distance technical assistance.

6. Distance Education. Education and training are often elements of successful economic policy programs. Indeed approximately 28% of all USAID training supports business and free market economics. Distance education offers an alternative to traditional classrooms; and can be cost-effective, reach more students, and be less disruptive to host country institutions. While Internet-based education is growing quickly in the United States, little has been reflected back in USAID’s training programs.

There are thousands of web-based courses available on business, economics and finance which busy executives can benefit from. Short courses can also be developed and customized for particular audiences. Distance education can lower costs and reach much larger audiences on important topics, such as intellectual property rights.

For example, a number of USAID countries are engaged in programs to facilitate integration of economies in regional groups or accession to the World Trade Organization. Short courses could be developed and delivered via the Internet which help educate policy makers on the benefits, costs and issues associated with these decisions. Another set of countries are involved in establishing policies to promote greater foreign investment. Short courses can be developed which directly address this policy objective.

International Business Academy

Beginning in the spring 1998, TradeCompass will offer distance learning facilities and courses via the Internet. Facilities include real audio lecture halls, on-line classrooms for real time questions and answers, homework and testing facilities, and discussion groups for global participants. Course offerings will include:

C International Trade Certificate Program- includes market research, price products for export, letters of credit, and export documentation.

C Trade Tutor - trade finance and letters of credit taught in a 22 part computer based training program.

INTERNET APPLICATIONS TO STRENGTHEN TRADE/INVESTMENT POLICIES

INTERNET APPLICATION	BENEFITS TO REFORMS	BENEFITS TO T/I REFORMS
Economic Research & Analysis	Collect accurate/ current information Carry out statistical analysis Researcher networking Cross border research: interactive databases Open research/analysis	C Trade policy-makers require accurate and timely pricing and other information, available on Internet. C Regional trade research networking facilitated by use of Internet for data sharing. C Portfolio and direct foreign investors can research economic conditions in potential emerging markets. C Investment policy formulators can benefit from industry specific information, e.g. telecommunications and power incentives in competing markets
Public Transparency and Advocacy	Informs public Facilitates advocacy Uneven access limits utility but international trade and investment communities normally “wired”. Less so of domestic/national audiences--try radio!	C National governments can inform their publics about particular policies associated with liberalization. C National business leaders and groups can compare trade and investment policies across their borders, and thereby pressure own governments for liberalization. C International trade/investment advocacy groups can lobby internationally for reforms. C International organizations and donors can inform public about benefits, costs and issues associated with particular trade and investment policies.
Professional Networking	Professionals exchange news, views, collaborate. Stay current in profession But donor centric, over time others will become wired as donor initiative e.g. Leland spread Virtual conferences, but issues of in-exclusion.	C Public policy makers concerned with trade and investment can stay current on global developments. C Economic researchers can interact with former professors and colleagues on particular subjects. C Businesspersons can maintain relationships of an international nature. C Virtual conferences can allow diverse inputs into trade and investment policy formulation.

Institutional Networking

Institutions grow stronger with intl partners.
 Local and intl business associations (e.g. WAEN).
 Intl research groups learn from others.
 Donor and partner linkages.
 Works best when have common agenda.

⌚ “Think tanks” can collaborate on research, stay current, and learn how other countries are promoting trade and investment.
 ⌚ National investment promotion agencies can stay in touch with counterparts and learn how their competitors are enticing foreign investment.
 ⌚ National business groups can network with counterparts, both domestically with provincial chambers and internationally, to promote trade and increase investment.
 ⌚ International non government organizations can work together on particular trade and investment issues.

Distance Technical Assistance

Short-term TA on-line.
 Access those hard to reach and in great demand.
 Faster delivery of services.
 Lower costs.
 Local/human touch still important.

⌚ International donor organizations can deliver high quality expertise on trade and investment via the Internet, thereby saving time and money.
 ⌚ Consulting firms, universities and non profit organizations can do likewise.
 ⌚ Industrial world policy making groups can help developing countries formulate trade and investment policies, despite limited time and money.

Distance Education

Growing pool of on-line courses available
 Customized courses available to fit job needs
 Allows busy policy makers to stay on job.
 Material available when and where needed.
 Can reduce costs of training.

⌚ Thousands of business, economics and finance courses available on line today.
 ⌚ Short, customized courses for the policymakers, business leaders and economic researcher s allow training for busy executives.
 ⌚ Can reach larger publics at lower costs to educate on trade and investment issues, such as intellectual property rights.

D. Alternative Approaches. There are three approaches which USAID's Center for Economic Growth could adopt to help strengthen trade and investment programs in USAID countries via use of the Internet:

- a. Organize an Internet presence to support USAID projects;
- b. encourage trade and investment policy institutions to become virtual; and
- c. support a specific policy reform -- employing all Internet applications.

These options are discussed below.

1. Organize an Internet presence to support USAID projects. The Internet has been shown to be a very useful tool; capable of strengthening trade and investment policy programs. In fact, some USAID policy-oriented projects are already utilizing the Internet, but on an ad-hoc, and in an uncoordinated, fashion. What action is taking place depends solely on the initiative and capabilities of collaborators. More can be done to link individual efforts.

The Center for Economic Growth could facilitate a more deliberate and coordinated use of the Internet to strengthen trade and investment policies. It could establish a web presence dedicated to facilitating trade and investment policies. The site, open to all, could contain the following characteristics:

- a. A description of all USAID efforts supporting trade and investment, with linkages to web sites for those projects having a cyber presence.
- b. A virtual library with important databases and literature on the subject. A virtual librarian could be accessed to help reviewers find other information of interest.
- c. Linkages to the numerous web sites dedicated to trade and investment -- both those designed for business facilitation as well as those focused on trade and investment policies. The USAID site would guide viewers to the benefits of each of these links.
- d. Moderated "chat rooms" which would allow for professional networking and serious discussions of topical trade and investment issues.
- e. Listings of "listserves", virtual conferences and other opportunities to dialogue broadly on international trade and investment policies.
- f. Linkages to other international donor organizations and non-governmental organizations associated with trade and investment liberalization.
- g. Listings of trade and investment consultants and links to USAID requirements contractors willing to provide on-line advice.
- h. Listings of, and linkages to, web-based training pertaining to trade and investment.
- i. Public advocacy and transparency fora where groups could publish press releases and other items of interest.
- j. A creativity room which would allow innovative pilot projects to facilitate trade and investment. For example, virtual trade negotiations could be conducted to allow trade actors to gain experience.

This alternative might also permit collaboration with some of the trade and investment business facilitation services supported by donors, non-profit associations, and private firms. USAID could enter a dialogue with these services and attempt to enter partnerships whereby

their information could be made available in a format useful to both trade and investment policy makers and reform advocates in USAID countries. For example, Trade Compass might be willing to moderate cyber discussions on policy-oriented constraints faced by traders, to better educate those seeking ways to improve trade efficiency. On the investment side, USAID could enter discussions with the Multilateral Investment Guarantee Agency's IPANet to see if there were ways its service could be useful to those making investment policies in developing countries.

The benefit of this approach is that it would cost little; it would merely help organize the information on the web for use by USAID partners. This approach would merely organize what is already taking place, allowing for better linkages and exchanges. Existing USAID contracts (including IQC contracts) could be tapped to provide distance technical assistance. USAID would not be embarking on a new agenda, but merely supporting what has already been articulated and is under implementation.

2. Encourage trade and investment policy institutions to become virtual. A second approach would build on the first but also help encourage other organizations which could contribute to trade and investment policy strengthening to become virtual. These could be the following types of partners:

1. American training groups with important content, such as the U.S. Telecommunications Training Institute, or a university's summer program for intellectual property rights;
2. American consultant groups, willing to offer on-line advice;
3. American think tanks not yet on-line but who are willing to share research findings;
4. U.S. universities to join in collaborate research sharing, provide distance learning, and to keep up with alumni of past USAID training programs;
5. U.S. professional and trade groups interested in liberalizing international trade and investment;
6. U.S. government agencies, such as the Internal Revenue Service or Department of Treasury;
7. USAID registered private voluntary organizations and other non government organizations who share a common agenda; and
8. State and local governments with an interest in global trade and investment policies.

Because of the modest costs involved, it should be possible to persuade many of the above American groups to create a web presence. However, some might encounter additional costs, for example if they were to convert classroom instruction to a virtual education. This matter is discussed later on in the report, under distance education.

The above approach would increase the supply of relevant American content, expertise and learning opportunities available on the world wide web to support USAID trade and investment policy programs. However, due to widespread unreliable and costly Internet service in many USAID countries, discussed in the first deliverable, there would still be

limitations on (a) the supply of relevant content, expertise and learning opportunities from other developing countries; and (b) actual demand for the information in beneficiary organizations.

USAID and the Center for Economic Growth could consider ways of addressing this imbalance. At a modest level, USAID could follow the approach of such non government organizations as the Eurasia and Soros Foundations by literally assisting trade and investment policy institutions to acquire Internet service and train in its use. On a macro level, USAID could address the telecommunication policy constraints in USAID recipient countries which contribute to the unreliable service and high costs.

3. Support a specific policy reform -- employing all Internet applications.

The third approach would be to take a topic, say liberalizing telecommunications trade and investment, and carry out Alternatives A and B, but more focused than on the broad subject of trade and investment. Virtual support might entail: economic research via the Internet, distance technical assistance, distance education, networking among professionals and institutions, and supporting non governmental organizations for international advocacy.

The Center could begin by establishing a web presence dedicated to this purpose. The site, open to all USAID projects, could contain the following characteristics:

- a. A description of all USAID efforts supporting more open telecommunications trade and investment in equipment and services, with linkages to web sites for those projects having a cyber presence.
- b. A virtual library with important databases and literature. A virtual librarian could be accessed to help reviewers find other information of interest.
- c. Participating countries can be encouraged to present their government telecommunications policies and invite comparisons with those of other countries.
- d. Linkages to the numerous web sites dedicated to freer trade and investment in telecommunications. For example, the U.S. National Telecommunications and Information Agency has an excellent Internet presence which one could link to. The USAID site would guide viewers to the benefits and shortcomings of each of these links.
- d. Moderated "chat rooms" which would allow for professional networking and serious discussions of topical issues; say recent global telecommunications agreements..
- e. Listings of 'listserves', virtual conferences and other opportunities to dialogue broadly on telecommunications policies. A virtual conference on the benefits of private and competitive markets for Internet services could be conducted, in which both government officials and the questioning public could be engaged in safe, virtual discussions.
- f. Linkages to other international donor organizations and non-governmental organizations associated with these subjects. Donors such as the International Telecommunications Union could discuss its approaches to telecommunications deregulation.
- g. Listings of telecommunications policy consultants and links to USAID IQC requirements contractors willing to provide on-line advice.
- h. Listings of, and linkages to, web-based training pertaining to telecommunications policies.

i. Public advocacy and transparency fora where groups could publish press releases and other items of interest. The Information Technology Association of America and its global affiliate, the World Information Technology and Services Alliance could be approached to serve this advocacy role.

j. A creativity room which would allow experimental pilot projects to improved telecommunications services. For example, dynamic interactive models could be developed, tested and disseminated to demonstrate the impact of a modern telecommunications system on development in the global information age.

As this Internet-based system is developed, it might be found that certain key actors are not present in a virtual sense, such as certain non governmental advocacy groups, training providers, and institutions with particular expertise and experience. USAID's Center for Economic Growth would help to identify such groups and encourage them to join the process.

For example, as mentioned earlier, the U.S. Telecommunications Training Institute has a number of economic policy-oriented courses, among which are Regulatory and Privatization Issues in Telecommunications, Toward a Global Information Infrastructure: Closing the Telecommunications Gap in the Developing World, Private Participation in Telecommunications -- Tools, Issues and Experience in Emerging Markets, Telecommunications Sector Development, and Restructuring and Privatization Concepts. Typically of just a few weeks duration, these course are particularly amenable to developing web-based distance learning modules. USAID could encourage this training institute to develop such cyber courses, in exchange for guaranteeing a certain amount of follow-on participant training activities.

V. IMPROVE BUSINESS ENVIRONMENTS

A. Review of USAID's Business Environment Policies. Eighteen USAID country or regional programs want to improve their business environments. For the purposes of this study, strengthening the business environment is defined as improving commercial and economic laws and practices; and strengthening business associations. Of these eighteen countries or regions, eleven have a major focus on improving the business environment, while the remaining seven view this as less important in their overall programs. Of the eighteen country and regional programs, seventeen express the need to strengthen a variety of commercial and economic laws and practices, and five express a need to strengthen business associations. The following chart displays the distribution of USAID business environment programs:

Business Environment Reform Chart

Region	Major Policy Programs	Minor Policy Programs
Africa	Madagascar Sahel Regional	Mozambique Angola
Asia/Near East	Indonesia Egypt Morocco West Bank/Gaza	
Europe/NIS	Bulgaria Russia Kyrgstan Ukraine	Lithuania Armenia
Latin America/Caribbean	Central America Regional	Haiti Nicaragua Panama

Attachment C briefly describes USAID's business environment policy agenda.

B. Potential U.S. Partners. There are many potential U.S. partners for Internet-based business environment reform programs. The following table illustrates the range of such organizations, characterized as follows: American government partners, American non-governmental organizations, American firms, and American universities.

At least three organizations for each category are presented, although there will undoubtedly be others which surface should USAID move forward with the proposals suggested below.

Attachment F presents a description of each of these organizations, along with the rationale

for suggesting them as potential cyber-partners.

POTENTIAL BUSINESS ENVIRONMENT REFORM PARTNERS

Type of Partner	Name of Partner
Government	U.S. Department of Commerce Int'l Trade Administration U.S. Department of Labor U.S. Patent and Trademark Office
NGO/Non Profits	EurAsia Foundation Soros Foundation International Agriculture and Trade Policy U.S. Institute for Peace Transparency International Intl Center for Economic Growth Center for Intl Private Enterprise American Chambers of Commerce Caribbean/Latin American Action International Law Institute
Private for Profits	Price Waterhouse IQC Consortium Chemonics International IQC Consortium ARD/Cheechi IQC Consortium FM International
Universities	IRIS, UMD Cornell University Legal Information Institute Stanford University George Washington University George Mason University

C. Internet Applications to Strengthen Commercial Policies. The first deliverable offered six Internet applications which are useful tools for strengthening economic policies. These are discussed and related to strengthening business environments

1. Economic Research and Analysis: Collection of current and reliable information is essential for sound economic policy analysis and formulation. The Internet has a wealth of information and analytical tools for sound economic research and analysis, an ability for professionals to dialogue and conduct joint research, and emerging technologies which allow for interactive database management.

The legal profession in America makes extensive use of the Internet to research legal issues. Dow Jones Business Directory (discussed earlier) has reviewed a number of legal web sites and finds the following quite comprehensive: (a) FindLaw: Internet Legal Resources⁴ to locate case law or any general legal information, the site is broken down into five major sections of FindLaw, Legal Minds, Law, LawCrawler and Law Review; (b) Law and Economics⁵ which is geared to students and professionals in the field of law and economics, this Stanford University site is broken down into an Encyclopedia of Law and Economics, Law and Economics Working Papers, Law and Economics Bibliographies, Law and Economics Mailing Lists, Journals and Book Publishers, Government Resources; FindLaw, LawCrawler, Law and Economics Associations, Law and Economics Academic Programs, Law and Economics Sites, Directories -- Law and Economics, Law and Economics Consultants, Law and Economics Outlines, Economic Resources, and Colleges, Universities, Business, Economics and Law Schools; (c) Consumer Law Page⁶ which contains dozens of diverse articles on consumer law and access to more than 100 government brochures on consumer topics -- from a personal-injury law firm; and (d) V.⁷ an on-line law library that brings together court decisions from the U.S. Supreme Court, Federal Circuit Courts of Appeals, and the fifty state and District of Columbia appellate courts in searchable formats going back as far as 1900 for Supreme Court cases. Cornell University has its own On-line legal resources, including a hypertexted version of the Uniform Commercial Code, which is discussed later.

These and many other web-based resources can also be of value to those engaged in establishing and reforming commercial laws and practices in developing countries and transitional societies. Law and public policy makers benefit from learning about the commercial laws of their trading partners and international commercial codes and agreements, much of which is found on the Internet. Representatives of businesses, public policy think tanks, and legal institutes also benefit from having access to the same information so that they can lobby for positive change. Potential international traders and investors also require information on commercial laws and practices in various markets to make informed business decisions. This information is available on the Internet too. For example, the U.S. Department of Commerce's National Trade Data Base⁸ provides a wealth of information on commercial laws and practices for virtually all major markets around the world.

These Internet resources can help developing country professionals research appropriate commercial laws and practices. For example, USAID country programs for Madagascar, Mozambique, and Angola all expressed an interest in supporting commercial law reforms. Helping these African government counterparts and private partners from the business, economics, and legal professions obtain Internet access, along with training on how to

<http://www.findlaw.com>

<http://www.findlaw.com/lawecon>

<http://consumerlawpage.com>

<http://www.versuslaw.com>

<http://www.stat-usa.doc.gov>

research economic law via the Internet, can be of lasting assistance as they struggle to find the most appropriate mix of laws and practices to improve their business environments.

2. Public Transparency and Advocacy. Transparency is important for an informed public and advocacy is important to lobby for change. The Internet may be an effective tool for transparency and advocacy, depending on the audience given today's uneven Internet access. International financial, business and specialized non-governmental organizations have made very effective use of the Internet for transparency and advocacy. However, the Internet cannot reach large audiences in developing countries so other media may be more effective.

These attributes can benefit commercial law reform programs. National governments can inform business communities about commercial laws over the Internet, thereby promoting transparency and reducing the opportunities for corruption. This is precisely what USAID/Jakarta is doing as it helps the Government of Indonesia place a large segment of its economic law and regulations on CD-ROMs in word searchable formats. The Internet also permits business and other reformers to compare commercial laws and practices in their countries with neighbors and competing economies, and thereby obtain ammunition to lobby for improvements. International organizations can join forces to advance their particular commercial law reform interests. One example of this would be Transparency International as it seeks to reduce business corruption around the world, using the Internet for such things as publishing "The TI SourceBook" which brings together best practices in building and maintaining a country's national integrity system, includes codes, rules, laws, instruments and other documents designed to make an integrity system function.

Business associations are stronger when they serve as vocal and articulate advocates for economic reform. The transparency and advocacy features of the Internet thus make this a vital instrument for business associations. USAID's support for the West African Enterprise Network and the Eastern and Southern African Business Organization demonstrate the eagerness with which business communities access Internet resources and use it as tools to push for reform. American Chambers of Commerce overseas can also use the Internet to advocate for change. For example, the AmCham in Panama uses its web site to discuss privatization and the Caribbean Basin Initiative.

Looking at USAID's commercial law reform agenda, the Internet could be an important tool to assisting Egypt, for example, modernize its legal, regulatory, judicial, institutional and tax structures which are hindering formation of a conducive business environment and holding back vital private investments. As the Internet spreads within Egypt, its value as a tool for advocacy and transparency grows. As another example, the Central American regional program seeks to increase its public's awareness of the importance of adequate intellectual property rights protection, for which the Internet can play a useful role.

3. Professional Networking. Economic policy analysts and program managers need to exchange news and views, collaborate on joint projects, and stay current in this dynamic global economy. The Internet by its very nature is ideally suited for professional networking.

However, much of the professional networking today is among the donors. Broadening will occur as access and training expands. Virtual conferences and Internet newsgroups offer other opportunities for networking but work best when structured.

The Internet allows lawmakers addressing commercial laws and practices to stay abreast of current international developments and interact with former professors and legal colleagues.

Businesspersons, economists and other professionals also concerned with business law can do likewise. Mailing lists and virtual conferences permit moderated and unmoderated discussions. For example, FindLaw lists four Law and Economics Associations⁹: American, Canadian, European and Latin American and provides directories and listing of all members.

FindLaw also describes a number of mailing lists including: (a) University Law Review Project -- an email of recent legal article abstracts, including law and economics articles; (b) Economics Working Papers notification mailing list with email notification and abstracts of new postings, including law and economics; (c) George Mason University-Based Law and Economics Mailing List; (d) UK Law and Economics Mailing List; and (e) Legal Scholarship Network with abstracts of law and economics working papers. On the business association side, the Center for International Private Enterprise's on-line Forum on Economic Freedom allows discussion on economic reform, business development and democratic institutions with the authors of articles in its Economic Reform Today journal

Professional networking can be useful, for example, in the countries comprising the former Soviet Union and Eastern Europe as they establish commercial laws appropriate to their transitioning economies. USAID's Central American Regional program seeks to strengthen intellectual property rights across countries. The Internet can be used as a tool for professional networking among the legal and economics professions throughout Central and North America.

4. Institutional Networking. Institutions need to remain as current on global economic conditions and thinking as do individuals. Economic policy institutions, be they business associations, think-tanks or universities, can grow stronger by having international partnerships. Institutional networking works best when organizations have a common agenda and mutual interest. In such circumstances the Internet is a great tool. When mutual interest is not present, the Internet can be as ineffective a tool as any other.

The Internet allows like-minded legal institutions to collaborate together. The Legal Information Institute¹⁰ at the Cornell Law School was established in 1992 to explore ways of distributing legal documents and commentary in electronic form. The web site contains Supreme Court decisions, hypertext versions of the full U.S. Commercial Code, U.S. Constitution, Federal Rules of Evidence and Civil Procedure, recent opinions of the New York Court of Appeals and other federal, state, foreign and international legal materials. In 1996, the Legal Information Institute worked with the University of Zambia Law School to establish a Zambian legal database and Internet site, providing access to Zambian Supreme

<http://www.findlaw.com/lawecon/01assoc/index.html>

<http://www.law.cornell.edu/lii.html>

Court decisions and important recent statutes, previously inaccessible to most Zambian lawyers and law students.

While Internet-led networking can support relationships between legal institutions, such networking can also play a particularly useful role in strengthening business associations. The Center for International Private Enterprise promotes private enterprise, market-oriented reform, and legal, regulatory and business institutions by matching funds with a variety of local institutions, including think tanks, business associations, educational institutions, and media training programs. Its institutional networking strategy is greatly facilitated by the Internet, as the accompanying review of its awarding winning site by the Financial Times of London demonstrates.

Internet-based institutional networking can be useful to a number of USAID business environment reform programs. For example, the West African Enterprise Network in the Sahel Region can benefit by strengthening ties between West African business associations tied to the web. Just as professional networking via the Internet can benefit adoption of intellectual property protection in Central America, so can use of the Internet for institutional networking. Legal institutes throughout the former Soviet Union could also benefit by networking to learn how their respective countries each tackle the creation of, for example, condominium laws to legalize ownership of former public housing.

Winning Websites

"What distinguished the CIPE site is the way it has transformed a publishing strategy..."

CIPE established the Forum on Economic Freedom in September 1995 to expand access to its information by policymakers around the world. Fast access was critical. Other features include 'e-mail -on-demand' for users without full web access, discussion groups, and the Economic Freedom Network providing a 'one stop shop' for policy makers worldwide.

The Economic Forum Today is no longer seen as primarily a hard copy publication.

The Web edition is a stand-alone service that is more extensive but less expensive - vitally important for target groups in countries with poor postal systems such as China and Haiti. ...

The results have been impressive: 180,000 hits since September 1995, exceeding annual print circulation of 26,000; 478,839 Kbytes of information transferred in two months. CIPE has cut costs, reduced waste and increased efficiency."

5. Distance Technical Assistance. Economic policy reform programs often require expensive, short-term technical assistance for very defined periods of time. The Internet can be a tool to deliver these services; on-line and on-time. The Internet can also provide greater access to leading luminaries who might otherwise decline assignments which require several weeks of undivided attention. Laying the groundwork and having local support is important to ensuring the effectiveness of this approach.

Establishing and improving commercial laws, policies and practices requires very specialized knowledge and expertise. Traditional technical assistance to address such requirements is typically quite expensive and hard to come by. Utilization of distance technical assistance via the Internet can help. This medium could allow USAID and its partners to tap into the knowledge of experts who are otherwise engaged, but available for support on-line. For example, USAID's commercial policy agenda includes support to Armenia to develop the civil code and enabling legislation to support private enterprise; much of which can be provided on line, with the caveat that on the ground support and follow-up might be

necessary.

The use of distance technical assistance is already taking place, but on an ad hoc basis in USAID's programs. Groups such as IRIS at the University of Maryland will make use of the Internet to provide advice to their teams in the field and to counterparts with whom they have relationships forged by frequent field travel. However, the International Tax and Investment Center which has a deliberate policy of delivering all its world-recognized expertise solely via the Internet, is the only institution which consciously used the Internet in such an instrumental and strategic manner.

6. Distance Education. Education and training are often elements of successful economic policy programs. Indeed approximately 28% of all USAID training supports business and free market economics. Distance education offers an alternative to traditional classrooms; and can be cost-effective, reach more students, and be less disruptive to host country institutions. While Internet-based education is growing quickly in the United States, little has been reflected back in USAID's training programs. At the same time, the World Bank has had positive experience and is expanding such efforts.

There are many web-based courses available on business law, economics, and finance which could be of value to USAID counterparts and partners. Short courses can also be developed and customized to meet the needs of particular audiences. Distance education can lower costs and reach much larger audiences on important topics.

For example, USAID's Central American Regional program contemplates technical training to patent, trademark and copyright registry officials. This sort of training could be developed for delivery over the Internet, as could less technical training for a wider audience to better educate the general public on the benefits of strong intellectual property protection. Programs in geographically large countries such as Indonesia and Russia could also benefit from distance learning. Web-based bankers training in Russia is already being developed. Consideration is being given to similar training in the field of collateral law. It would seem that other courses related to commercial policies to support general legal and judicial reforms might also be in order.

A chart now summarizes ways in which the Internet can serve as a policy reform tool.

INTERNET APPLICATIONS TO IMPROVE BUSINESS ENVIRONMENTS

INTERNET APPLICATION	BENEFITS TO REFORMS	BENEFITS COMMERCE REFORM
Economic Research & Analysis	Collect accurate/ current information Carry out statistical analysis Researcher networking Cross border research: interactive databases Open research/analysis	<p> C Law and policy-makers require current information on commercial laws for trading partners and international commercial codes and agreements much of which is on the Internet. </p> <p> C Business groups, Parliamentary committees, and legal institutes also need information on other commercial codes/practices, again the Internet providing much legal information, at least for industrialized countries. </p> <p> C Potential traders and investors require information on commercial laws and practices which could be accessible via the Internet. </p>
Public Transparency and Advocacy	Informs public Facilitates advocacy Uneven access limits utility but international trade and investment communities normally “wired”. Less so of domestic/national audiences--try radio!	<p> C National governments can inform business communities about commercial laws, the transparency being important for sound business climate. </p> <p> C National business leaders and groups can compare commercial laws/practices of trading partners, and pressure own governments for reforms. </p> <p> C International advocacy groups can lobby for reforms. </p> <p> C International organizations can inform public about issues associated with commercial laws/practices. </p> <p> C Business associations are largely advocacy groups and Internet provides means for lobbying for change. </p>

Professional Networking

Professionals exchange news, views, collaborate.
Stay current in profession
But donor centric, over time others will become wired
as donor initiative e.g. Leland spread
Virtual conferences, but issues of in-exclusion.

⌄ Law makers concerned with commerce can stay current on international developments.
⌄ Law makers can interact with former professors and legal colleagues on various subjects.
⌄ Businesspersons and their associations can maintain international relationships.
⌄ Listserves and virtual conferences afford another means of networking on commercial law and practices.

Institutional Networking

Institutions grow stronger with intl partners.
Local and intl business associations (e.g. WAEN).
Intl research groups learn from others.
Donor and partner linkages.
Works best when have common agenda.

⌄ Economic law institutes can collaborate on research, stay current, and learn how others address commercial laws and practices.
⌄ Parliaments and other lawmaking bodies can stay in touch with counterparts and learn best practices.
⌄ Legal professional groups can network both nationally and globally to stay abreast of commercial laws.
⌄ National business associations can network with counterparts, both domestically with provincial chambers, and internationally, to promote commercial law reform, and other economic policy reforms.
⌄ International non governmental organizations can lobby for commercial law and practice reforms.

Distance Technical Assistance

Short-term TA on-line
Access those hard to reach and in great demand.
Faster delivery of services.
Lower costs.
Local/human touch still important.

⌄ International donor organizations can deliver high quality expertise on commercial law via the Internet, thereby saving time and money.
⌄ Law and consulting firms, universities and non profit organizations can do likewise.
⌄ Industrial world law making groups can help developing countries formulate commercial laws and practices, despite limited time and money.

Distance Education

Growing pool of on-line courses available
Customized courses available to fit job needs
Allows busy policy makers to stay on job.
Material available when and where needed
Can reduce costs of training.

€ Thousand of business, economics, finance and law courses available on line today.
€ Short, customized courses for lawmakers, business leaders and economic researchers allow training for business professionals.
€ Can reach larger publics at lower costs to educate on commercial law/practices, and to strengthen local business associations.

D. Alternative Approaches. There are five approaches which USAID's Center for Economic Growth could adopt to help strengthen business environments in USAID countries and regions via use of the Internet. The first three follow the approaches suggested to strengthen trade and investment policies, that is:

- a. Organize an Internet presence to support USAID projects;
- b. Encourage policy institutions to become virtual; and
- c. Support a specific policy reform -- employing all Internet applications.

The last two approaches are more specific to commercial law reform and business association strengthening:

- a. Establish a web-based commercial law repository and advocacy center; and
- b. Strengthen relationships and support among business associations.

1. Organize an Internet presence to support USAID projects. The Internet has been shown to have the potential for strengthening business environments. In fact, some USAID projects seeking to improve business environments are already utilizing the Internet, but on an ad-hoc, and in an uncoordinated, fashion. What action is taking place depends solely on the initiative and capabilities of collaborators. More can be done to link individual efforts.

The Center for Economic Growth could facilitate a more deliberate and coordinated use of the Internet to strengthen business environments. It could establish a web presence dedicated to this purpose. The site, open to all USAID business environment projects, could contain the following characteristics:

- a. A description of all USAID efforts supporting the improvement of business environments, with linkages to web sites for those projects having a cyber presence.
- b. A virtual library with important databases and literature on the subject. A virtual librarian could be accessed to help reviewers find other information of interest.
- c. Linkages to the numerous web sites dedicated to strengthening business environments -- both those dedicated to commercial and economic laws and practices, and those dedicated to business association strengthening. The USAID site would guide viewers to the benefits and shortcomings of each of these links.
- d. Moderated "chat rooms" which would allow for professional networking and serious discussions of topical commercial issues.
- e. Listings of "listserves", virtual conferences and other opportunities to dialogue broadly on commercial and economic law and practices, and business associations.
- f. Linkages to other international donor organizations and non-governmental organizations associated with these subjects.
- g. Listings of commercial law and business association consultants and links to USAID IQC requirements contractors willing to provide on-line advice.
- h. Listings of, and linkages to, web-based training pertaining to commercial law and business association strengthening.
- i. Public advocacy and transparency fora where groups could publish press releases and other items of interest.

j. A creativity room which would allow experimental pilot projects to facilitate commercial law development and business association strengthening. For example, virtual commercial negotiations could be conducted to allow lawmakers and businesspersons to gain new perspectives on subjects of interest.

The benefit of this approach is that it would cost little, it would merely help organize the information on the web for use by USAID partners. IQCs and others could provide advice. It would merely organize what is already taking place, allowing for better linkages and exchanges. Existing USAID contracts could be tapped to effect this alternative. USAID would not be embarking on a new agenda, merely supporting what has already been articulated and under implementation.

2. Encourage policy institutions to become virtual. A second approach would build on the first but also help encourage other organizations which could contribute to business environment policy strengthening to become virtual. It would be important to begin by examining USAID's policy agenda with great care and identifying which American partners, now lacking a virtual presence, could become stronger partners by having an Internet delivery capability.

The following types of partners could participate:

1. Business associations and trade groups supporting economic policy reform;
2. Legal institutions involved in researching, analyzing and advocating commercial and economic law and practices reform;
3. Training groups with important content, such as the U.S. Telecommunications Training Institute, or the summer program for intellectual property rights;
4. Consultant teams, willing to offer on-line advice;
5. Economic and public policy think tanks, not yet connected but who are willing to share research findings;
6. Universities to keep up with alumni of past USAID training programs,
7. U.S. government agencies, such as the U.S. Department of Labor;
8. USAID registered Private Voluntary Organizations, and other non government organizations who share a common agenda; and
9. Professional and trade groups interested in improving business environments.

For example, USAID's Business Environment Reform Agenda in Attachment C indicates that the Central American Regional Mission is interested in conducting a number of workshops on issues associated with the intersection of labor and commercial law. If interest were confirmed by that regional mission and other field missions, USAID could approach the U.S. Department of Labor and American labor organizations about their developing and

delivering those workshops via the Internet.

Because of the modest costs involved, it should be possible to persuade many of these groups to create a web presence. However, some might encounter additional costs, for example if they were to convert classroom instruction to a virtual education. This matter is discussed later on in the report, under distance education.

3. Support a specific policy reform -- employing all Internet applications. The third approach would be to take a common business environment policy issue and implement Alternatives A and B, but in a focused matter. Virtual support might entail: legal and business research via the Internet, distance technical assistance, distance education, networking among professionals and institutions, and supporting NGOs for international advocacy and transparency.

The following example illustrates how this approach could work. Upon careful review of commercial and economic laws and practices that USAID missions are concerned with, it is determined that government procurement regulations and practices come out as particularly important to USAID missions' strategic objectives. The Center for Economic Growth could then facilitate a more deliberate and coordinated use of the Internet to strengthen efforts to improve government procurement systems.

The Center could begin by establishing a web presence dedicated to this purpose. The site, open to all USAID projects, could contain the following characteristics:

- a. A description of all USAID efforts supporting better government procurement systems, with linkages to web sites for those projects having a cyber presence.
- b. A virtual library with important databases and literature. Participating countries can be encouraged to present their government procurement systems and invite comparisons with systems of other countries. A virtual librarian could be accessed to help reviewers find other information of interest.
- c. Linkages to the numerous web sites dedicated to strengthening government procurement systems. For example, efforts by America's National Performance Review on the subject of government procurement could be one such linkage. The USAID site would guide viewers to the benefits and shortcomings of each of these links.
- d. Moderated "chat rooms" which would allow for professional networking and serious discussions of topical issues; say government procurement of large construction contracts.
- e. Listings of 'listserves', virtual conferences and other opportunities to dialogue broadly on government procurement systems. A virtual conference on ensuring the transparency of government procurement could be conducted, in which both public officials and the questioning public can engage in non-threatening, virtual discussions.
- f. Linkages to other international donor organizations and non-governmental organizations associated with these subjects. Donors could discuss their approaches to ensuring transparency and integrity in procurements they are responsible for.
- g. Listings of government procurement consultants and links to USAID IQC requirements contractors willing to provide on-line advice.

h. Listings of, and linkages to, web-based training pertaining to government procurement.

i. Public advocacy and transparency fora where groups could publish press releases and other items of interest. Transparency International could be encouraged to present papers and their experiences to those connected to this Internet-based support system.

j. A creativity room which would allow experimental pilot projects to improve government procurement. For example, simulations of government solicitations and awards processes could be conducted to allow lawmakers and businesspersons to gain new perspectives on how the processes work.

As this Internet-based system is developed, it might be found that certain key actors are not present in a virtual sense, such as certain non-profit advocacy groups, training providers, and institutions with particular expertise and experience. USAID's Center for Economic Growth would help to identify such groups and encourage them to join.

4. Establish a web-based commercial law repository and advocacy center. The American legal profession uses the Internet extensively to carry research as the numerous legal repositories and search engines noted earlier. The Internet has also proven to be a valuable means of informing the American citizenry about its own laws. For example, Cornell University's Legal Law Institute has discovered that its computers process 75,000 data requests daily, including requests from the education profession, professionals in fields heavily affected by law, ordinary citizens wanting more details on a high profile legal issue, and many foreigners. Legal advocacy is also conducted over the Internet. Thus, the Internet can be used to carry out legal research, promote the transparency of laws, and serve as a medium for advocating reforms.

These same attributes can be applied internationally. USAID's Center for Economic Growth can contribute to the evolution of commercial and economic law by helping to establish a meta web site which would allow the commercial and economic laws of USAID countries and regions to be posted and compared, along with commentaries to explain why and how the laws were adopted. This would help consolidate separate efforts to address a variety of commercial laws, to some extent in isolation of one another. Some have suggested organizing such a meta site on a regional basis, grouping sets of countries with common legal traditions and histories. For example, it would make sense to group those countries in the former Soviet Union and Eastern Europe that are transitioning from a state-controlled to a market economy. French West Africa, Anglophone Africa, and Latin America and the Caribbean might be other likely groupings.

Thought would have to be given as to how best to organize these sites, and how to govern their administration to ensure both quality and comparability. As noted above, the sites should also include commentary about the background, history and experiences of these laws. For example, the evolution of condominium law coming out of the eastern bloc as these countries move from state-owned to private housing would be most relevant to the set of eastern bloc countries. It might have less relevance to say West Africa. Some of the features of an interactive web site as described in Section IV(a) should be considered. For

example, the opportunity for “chat rooms”, virtual conferences, and links to other sites might make sense. Again, opportunities for distance technical assistance and distance learning in commercial and economic law could also be displayed.

Public advocacy could be built into this initiative by allowing for the scoring and ranking of country commercial policy environments, as developed by Stanford Research Institute for USAID some years back. Indexed in a number of categories, the rankings could serve as a means of motivating backward-leaning countries to become more forward-looking with respect to their business environments. By having this ranking transparent and open, reform minded individuals and institutions in affected countries could have ammunition to push for commercial policy reforms. Model laws, regulations and procedures could be added to give suggestions to these reformers.

5. Strengthen relationships and support among business associations. One common thread in many USAID programs is support for business associations, either national business chambers, provincial and other local groupings, and industry-specific representations. Review of the FY 1998 Congressional Presentations identified five countries explicitly supporting business associations to promote economic growth. However, there are undoubtedly other efforts underway but not mentioned in the Congressional Presentations and/or carried out to support civil society programs.

The Internet is a particularly attractive tool to strengthen business associations. As the Leland Initiative in Africa has discovered, businesspersons are especially interested in tapping into the Internet, realizing the value of the information that is accessible. Their associations also realize the importance of telecommunications in the global information age, and its utility to network both professionally and institutionally. The West African Enterprise Network and East/Southern African Business Organization demonstrate this.

USAID’s Center for Economic Growth could take a larger view and attempt to establish a global network to link business associations in USAID countries and regions with one another and with appropriate institutions in the United States. The Center for International Private Enterprise described earlier has also demonstrated how the Internet can be used to improve their own programs supporting business associations globally.

However, more can be done than just providing professional and institutional networking via the Internet. Other applications, particularly the Internet’s value to carry out economic and business research and to provide distance technical assistance and distance learning could also be explored. Content can cover important global topics such as accession to the World Trade Organization, intellectual property rights, and the importance of private and competitive telecommunications services, as well as more nuts and bolts subjects such as how to gain membership and revenues for business associations. Distance technical assistance and distance learning can be offered in these same areas.

VI. INCORPORATE WEB-BASED TRAINING

A. Definitions and Importance of Distance Education. Distance education can be

defined as education or training courses delivered to remote (off-campus) locations via audio, video, or computer technologies. Distance education is not new to the United States; traditional correspondence courses have been available in the United States for more than a century. For the past twenty years, classes have been offered for credit on television: through public stations, cable, cassettes and microwave broadcasts of live lectures to distant satellite learning centers. However, the introduction of personal computers, high speed modems, and the Internet have added a new dimension to distance education: allowing physically-separated students and teachers to interact.

On-line education refers to any form of learning/teaching that takes place via a computer network.¹¹ The network can be a local bulletin board system, the global Internet and world wide web, or a local area network or intranet within one institution. On-line interaction was called computer-mediated communication, but this also covers applications like group decision-making.

Electronic mail is the most common function used for on-line education, which allows instructors and students to communicate. Most learning networks also include conferencing capabilities that let participants have multiple-person discussions either in real time (“chats”) or on a delayed basis (asynchronous). More elaborate systems include “MUD/MOOs” for group interaction, as well as several “groupware” programs, which allow simultaneous viewing of graphics (audiographics) and use of shared writing space (electronic whiteboard). On-line education also involves access to databases, text and other files, and the exchange of course materials and assignments by file transfers. In most cases, on-line instruction takes place within the context of distance education.

These new technologies have given new life to distance learning; helping to meet the demand of an increasingly skill-based economy where more than twice the number of higher education students are now non-traditional in the sense that they school part-time, work full-time, and tend to be older.

These trends can have a significant impact on USAID programs which seek to strengthen economic policies in developing countries and transitional societies. Long and short-term training have always been important ingredients of USAID programs. Distance education was normally reserved to send simple messages (such as via radio and television) to large, geographically-dispersed populations, such as farmers, but was not used to send complex messages to more sophisticated groups like economic policy-makers. Instead, USAID and other donors have financed classroom-based training; including long-term undergraduate and graduate degree programs in business and economics; short-term training courses ranging from telecommunications deregulation to intellectual property rights and banking; and even custom-designed training targeted on a particular project in a particular country. In 1995, 4,934 individuals or 28% of all USAID participants studied business and free

“A Guide to On-line Education”, by Greg Kearsley, 11/28/97;
<http://www.fcae.nova.edu/~kearsley/on-line.html>

market economics.¹² Little of this training, if any, took advantage of new developments with high technology distance education. Thus, there is the huge potential today to significantly expand access to U.S. training and education via the Internet and other interactive communications technologies.

B. Developments in the United States. Technology-driven distance learning is making major inroads into higher education in the United States. The first national survey on the subject was just completed and found the following information¹³: One third of higher education institutions offered distance education courses in 1995 and another quarter planned to offer such courses in the next three years. Public institutions provided distance education courses with much greater frequency than private colleges and universities. An estimated 25,730 distance education courses were offered in academic year 1994-95 and 753,640 students participated. 690 degrees and 170 certificates could be completed exclusively through distance education.

The following chart (compiled in the just released U.S. Department of Education distance education survey noted above) indicates the choice of delivery technologies as of 1995, as well as plans for the next three years. As can be seen, of those higher education institutions which offer distance education programs, the Internet will become the most important delivery mechanism by 1998, from its fourth place position in 1995.

Table I: Technology Choices for American Higher Education Institutions

Technology	Current technology use	Plan start/ increase use in institutions currently offering distance education	Plan start/ increase use in institutions planning to offer distance education.
	%	%	%
2-way interactive video	57	81	77
2-way audio, 1-way video	24	33	38
1-way live video	9	27	31
1-way prerecorded video	52	52	44
Audiographics	3	9	7
2-way audio	11	18	21
1-way audio	10	11	11
2-way computer on-line	14	75	64

“International Exchange and Training Activities of the U.S. Government”, 1995 Annual Report; compiled by the U.S. Information Agency.

“Distance Education in Higher Education Institutions”, October 1997, National Center for Education Statistics, U.S. Department of Education, Office of Educational Research and Improvement.

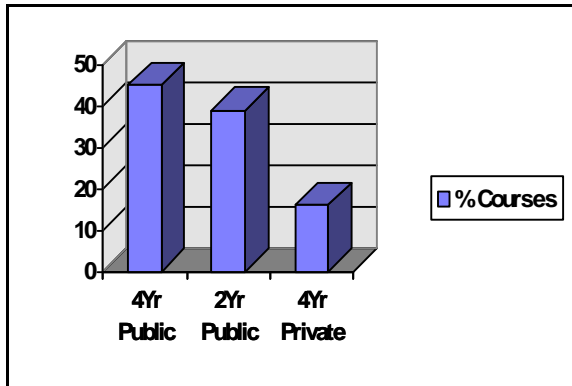
Other Internet technologies	22	84	74
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The migration to computer networking as the preferred means for delivering distance education was also confirmed by Dr. Jack Wilson, Dean of Undergraduate and Continuing Education at Rennsellaer Polytechnic Institute, and Chairman of the Board of Interactive Learning International. At a recent seminar at the National Research Council¹⁴, he observed that the technologies for delivering distance learning are moving rapidly from satellite- based systems which often required a \$500,000 capital investment, to a video- conferencing system, which required \$50,000 to start operations, and now to the least expensive \$5,000 computer networking possible via the Internet.

A look at local initiatives also demonstrates the growth in distance learning in higher education. The Education Network of Maine, an independent arm of the Maine university system, offers college courses via television to 11 regional centers and other sites throughout the state, offering 85 courses and 14 degree programs. Colorado established the Colorado Electronic Community College as its 12th community college. Sixty community colleges have joined with 22 public television stations around the U.S. to offer associate degrees through distance education telecourses administered by a program called “Going the Distance”, in joint venture with the Public Broadcasting Service (PBS). In 1996, approximately 400,000 people enrolled in PBS telecourses. In the west, 15 states and one territory are developing a “virtual university” called the Western Governors University, which will have no campus and will rely heavily on computers and other technologies to deliver instruction.

1. Public Universities. As noted earlier, public universities have offered significantly more distance education programs than private counterparts, as the accompanying chart indicates. The motivations expressed for offering distance education explain to some degree why public institutions have been more assertive in distance education: making courses available at convenient locations, reducing time constraints, and making educational opportunities more affordable.

“On-line and Distance Education for International Cooperation and Development” Seminar, December 10-11, 1997, with support from the United States Agency for International Development.



Public institutions have been the predominant providers of distance education in the United States.

Four examples of public distance education are provided here. The first is the University of California Extension On-line, a collaborative effort with America On-line.¹⁵ They offer dozens of courses (several in business administration and principles of economics) and two certificate programs (hazardous waste management and computer information systems). By 1999, 175 on-line courses are anticipated to be available. UC Extension On-line expects a third of its on-line students to be foreign, and anticipates establishing telecommunication learning centers abroad, beginning with two pilot centers in countries yet to be determined.

A second public institution with a major commitment to distance education is the University of Wisconsin, offering over 100 programs and courses via distance learning technologies.¹⁶ Among the courses offered this fall were accounting foundations for business and managerial decisions, business law, economics, impact of technology, managerial economics, principles of finance, principles of marketing, statistical analysis, and various mini-modules and seminars.

A third is the New York Institute of Technology, On-line Campus¹⁷, which allows a student to acquire a college degree (in interdisciplinary studies, business administration and behavioral sciences) from start to finish without entering a traditional classroom. Courses relevant to this study include business law I, II and III, corporate finance, collective bargaining and labor relations, principles of economics II and II, basic economics, money and banking, and international economics and finance.

Michigan State University has established its "Virtual University"¹⁸ through the Internet and other telecommunications media. Right now, MSU's Virtual University is limited to 35 courses, ranging from primary health care to introductory and advanced physics, computational sciences, and one course on managing export operations. However, as noted in the first deliverable, MSU has decided to develop an Internet-based masters degree program in food policy/agricultural economics, targeted on African professionals.

<http://www-cmil.unex.berkeley.edu/>
<http://www.uwex.edu/disted>
<http://www.nyit.edu>
<http://www.vu.msu.edu>

2. Private Universities. While public institutions of higher learning have thus far led distance education efforts, several elite private universities are also offering on-line distance education. They are pursuing niche markets, often focusing on specialized degrees, professional schools, and international links.¹⁹ For example, John Hopkins University is collaborating with Sylvan Learning Systems for a course on “managed care”. Hopkins has just begun offering an on-line certificate program in public health and plans on rolling out an on-line Masters in Public Health shortly.

Duke, Columbia, Rice and Stanford Universities have also significantly created or expanded distance learning. Duke has launched an expensive Global MBA program. Over 20 months, students and professors meet for class sessions at locations in Europe, Asia, Latin America and at Duke. In between, they use distance-learning technologies to communicate and do course work. Columbia University is negotiating to supply graduate engineering courses to private firms in Malaysia and elsewhere in Asia; and has converted several dozen courses in art history, sciences and international affairs to Internet-based formats and hopes to market to students abroad. Rice University is targeting Latin American and the Middle East. Stanford has been offering graduate engineering courses using instructional-television network broadcast to corporate sites for 30 years, but has now decided to broaden its distance education offerings to its other five professional schools.

3. Virtual Universities. Some universities have also evolved which educate solely through telecommunications and computer networks. The National Technology University²⁰ is a private, non-profit institution founded in 1984 to serve advanced educational needs of engineers, scientists and technical managers. NTU offers a wide range of satellite-delivered instructional television courses (more than 1,200) taught by faculty of America’s leading technical schools (e.g. Colorado State, Columbia, George Washington, Michigan State, Kentucky, Maryland, and Minnesota). Aside from pursuing M.S. degrees, NTU offers non-credit short courses under its Advanced Technology and Management Program. In a typical year, 100,000 individuals participate in about 500 short courses which include economic development, economics and finance, and international relations. Intellectual property rights has also been taught. While primarily satellite-based, and geographically targeted on north America and Asia, NTU has begun to offer programs via

**Technology and the Virtual University:
Opportunities and Challenges.**

“Today’s hearing will focus on technology and the advent of the “virtual university”- the creation of schools and classes literally, without walls. I am extraordinarily interested in this subject, not only because of my fascination with technology and the promise it holds in the area of education, but because of the challenges it presents to us as legislators directed to reauthorizing the Higher Education Act... Throughout this hearing process, I have been amazed by the way our standard or traditional definitions, in many cases, no longer seem to hold true. We have found that our “traditional” students are increasingly those students that we used to define as “non traditional”. The way we have always envisioned the college classroom is no longer the norm on many college campuses and for many college students...”

“Some Elite Private Universities Get Serious About Distance Learning” by Goldie Blumenstyk, June 20, 1997 The Chronicle of Higher Education.
<http://www.ntu.edu>

the Internet which broadens its outreach.

Athena University²¹ was founded in the spring of 1995 and offers a full liberal arts undergraduate education, strictly on-line. Written up in the Chronicle of Higher Education, USA Today and Investors Weekly, as a new wave university, Athena has just launched an on-line International Masters of Business Administration degree, accredited, and in partnership with the Groupe Ecole Supérieure de Commerce, of Pau, France. This private business school is a member of the Conférence de Grande Ecoles in France, a group of elite private business and technical schools with rigorous admission requirements. Their graduates are placed in top-level management and administrative positions in international corporations around the world.

The University of Phoenix On-line Campus²² has more than 30,000 students and is fully accredited by the North Central Association of Colleges and Schools. Several bachelors and masters degree are offered. Phoenix University targets the typical distance learning student in the United States: someone older than college age with little spare time, often trying to balance home and work. Students use a proprietary software package to communicate with the University's computers and pay \$425 a credit for graduate courses, and \$350 a credit for undergraduate offerings.

Regents College, University of the State of New York²³, another distance education university, has 18,000 students. It is the oldest college in the U.S. devoted exclusively to the adult learning. While previously part of that state's public university system, Regents College is about to become an independent and separately chartered institution. The college offers Bachelors of Science degrees in a variety of business fields: accounting, finance, international business, management of human resources, management of information systems, marketing and operations management. Regents is currently planning to establish an electronic peer network, the purpose of which is to help students interact with one another and to promote student progress. This electronic network will, offer a variety of services, such as special interest chat rooms, to interested students.

As mentioned earlier, sixteen western governors²⁴ have formed the Western Governor's University, a nonprofit, independent corporation, which seeks to create a unique distance-education institution.²⁵ It seeks to differentiate itself from other distance learning institutions with respect to its size and scope (not only the western state universities but also non-traditional educational providers such as corporations) and to its emphasis on competencies (the focus will be on whether learning has occurred, not on "seat time"). WGU has been described as the most ambitious distance learning effort in the United States.

<http://www.athena.edu>

<http://www.uophx.edu/on-line/>

<http://www.regents.edu>

Alaska, Arizona, Colorado, Guam, Hawaii, Idaho, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, Utah, Washington, and Wyoming.

<http://www.westgov.org/smart/vu/vu.html>

Presently incorporated and headquartered in Salt Lake City, Utah, the university is hopeful to open its cyber doors in the next few months. WGU will employ a variety of technologies, including the Internet, CD-ROM, satellites and videotapes. The initial offering will be an associates degree and certification as an electronics technician. WGU expects to eventually offer a full range of undergraduate and graduate programs. WGU is very interested in international collaborations; having already signed collaborative agreements with Great Britain, Japan, China, British Columbia and Mexico, and having begun discussions with Korea, Malaysia, Israel, Scotland and Russia.

4. On-Line Course Materials, Classes, and Degrees. Regardless of whether students attend public, private, real, or virtual colleges and universities, the Internet affords students an opportunity to obtain course materials, take classes for full academic credit, and fulfill requirements for degrees at the undergraduate and graduate level.

The World Lecture Hall²⁶, maintained by the University of Texas in Austin, contains links to pages created by faculty worldwide who are using the Internet to deliver class materials. Reviewers will find course syllabi, assignments, lecture notes, exams, class calendars, multimedia textbooks, and other digitized instructional materials. Under the subject area of economics, the World Lecture Hall contains materials for classes covering business forecasting, Canadian economic history, comparative economic systems, general economics, comparative economic systems, cyber-economics, economic analysis of the firm, economic development, economic history of the United States, economic reasoning using statistics, the American economy, economics of the public sector, environmental and natural resource economics, history of economic thought, information network economics, intermediate microeconomics, intermediate macroeconomics, international economics, introduction to economic analysis, introduction to microeconomics, introduction to macroeconomics, introductory econometrics, macroeconomic policy, managerial economics, managerial price theory, analysis and forecasting of markets and prices, money and banking, political economy of European integration, understanding the world economy, and survey of economics.

Markets & Prices: Analysis & Forecasting

One illustration of the World Lecture Hall is the subject course. Students look into the working of markets to understand why prices move across geographical space, product form and quality and time. Decomposition of variation in trends, cycles, and random components, estimation and fitting of models, fundamental analysis, technical analysis in context of microeconomic theory of markets. With materials presented by a professor at Pennsylvania State University, one can download hands-on real data, calendar, lecture notes, assignments, exams, grades, student work and links to related materials.

The Federal Reserve Bank's home page is a source of data about the U.S. economy, and contains economic education materials as well²⁷. Among these educational materials are: (a) The Federal Reserve System: Purposes and Functions, (b) Understanding the Home Mortgage Process, (c) The Credit Process: A Guide for Small Business Owners, (d) U.S. Monetary Policy: An Introduction, and (e) The Federal Reserve Bank of Minneapolis' which

<http://www.utexas.edu/world/lecture/>
<http://www.bog.frb.fed.us/otherfrb.htm>.

has on-line class projects for exchange rates, savings, balance the federal budget, and a synthesis of gross domestic product, price index, and price changes.²⁸

The following table provides a sample of degrees which can be obtained via the Internet.

<u>A Partial Listing of On-Line Degrees</u>	
<u>City University, Belvue, Washington.</u>	Bachelors degree in computer systems, MBA
<u>Colorado State University, Fort Collins, CO.</u>	MBA and MS in business management
<u>Duke University Fuqua School of Business, Durham, NC.</u>	Global executive MBA
<u>Mercy College, Dobbs Ferry, N.Y.</u>	Bachelors degree in business, psychology, computer science.
<u>New York Institute of Technology, Central Islip, NY.</u>	Bachelor's degrees in inter-disciplinary studies, business administration and behavioral sciences.
<u>Rochester Institute of Technology, Rochester, NY.</u>	Bachelors degree in environmental management, applied arts and science. Master's degrees in software, information technology health systems administration.
<u>University of Phoenix On-line Campus, Phoenix, AZ.</u>	Bachelor's degree in business. Master's degrees in business administration, computer information systems, and organizational management.
<u>University of Maryland, University College, College Park.</u>	Master's degrees in general administration, computer systems and technology management.
<u>University of Virginia, Charlottesville.</u>	Master's degree in information services in conjunction with the University of Tennessee.

5. Private Learning Corporations. Distance education is also offered by corporate providers. In fact, thirty percent of all distance education in the United States is provided by non-academic sources.

Academic Systems Corporation of Mountain View, California, is one such company.²⁹ The company sells three algebra courses that are based on a concept called "mediated learning". The course provides students with instruction and exercises through computers, and equips instructors with progress reports that can be used to determine when/how to intervene to help

These sites are respectively: <http://www.bog.frb.fed.us/pf/pf.htm>;
http://www.bog.frb.fed.us/pubs/mortgage/morbro_1.htm;
<http://www.ny.frb.org/pihome/addpub/credit.htm>;
<http://www.frbsf.org/system/fedsystem/monpol/tofc.html>; and
<http://woodrow.mpls.frb.fed.us>

"A California Company Finds Success with Computerized Mathematics Course", The Chronicle of Higher Education", October 25, 1996.

students having difficulties. Forty campuses, including several in the California State University and City University of New York systems, have used the software and textbook. Microsoft Corporation and Tele-Communications Inc., a large American cable television company, invested in Academic Systems Corporation.

Financial Courseware³⁰ is a technology-based, interactive multimedia and electronic publishing company. The firm specializes in sophisticated and authoritative training and reference resources on international financial markets and instruments. Currently more than 500 organizations use their products. Financial Courseware's training covers such topics as introduction to capital markets, domestic bond markets, understanding derivative instruments, economic and technical analysis, introduction to foreign exchange, dealing in the foreign exchange market, forward rate agreements, understanding futures and options, futures pricing, hedging with futures, trading with futures, financial market mathematics, introduction to the money market, option techniques, introduction to regulation and compliance, understanding swaps, swap techniques, treasury risk management, the financial markets association diploma, introduction to foreign exchange and money markets, fundamentals of futures, fundamental macroeconomic analysis, fundamentals of options, repo markets, and fundamentals of swaps. Their products are currently available on CD-ROMS and can be installed on local area networks.

Lucent Technologies (until recently part of AT&T) has an independent Center for Excellence in Distance Learning (CEDL), the overall purpose of which is to advance the state of the art in distance learning.³¹ CEDL collaborates with a number of Lucent Technologies business units, Bell Laboratories and leading universities to create an integrated approach for developing and refining distance learning applications. CEDL has joined with the University of Wisconsin, Penn State and Indiana University to create distance learning solutions. Among CEDL's products are case studies on private sector use of distance learning technologies, one of which is highlighted to the right.

Corporate Distance Learning: The case of United Technologies Corporation.

UTC is an international firm with \$21 billion in annual revenues, and 168,000 employees. It is concerned with keeping its professional workforce up to date in the fast changing world of technology. UTC had studied several models for professional training, including having students enroll at local universities on their own, bringing instructors inside the corporation, and building an in-house corporate university. Finally in 1991, it began an experiment with Boston University and one of its Connecticut Divisions in delivering interactive video-conferencing. One semester later, Boston University delivered full semester graduate courses to three UTC divisions. Now ten top engineering schools deliver graduate level, credit-bearing training. Some courses are non technical, such as an MIT seminar on conducting business with Japanese companies.

UOL Publishing, Inc.³² is a publisher of on-line demand and interactive web-based courseware. UOL serves the academic and corporate education markets through the World Wide Web or corporate intranets. Essentially, they provide two separate services: The first is a series of classes which are delivered in UOL's

virtual campus environment. The second is a re-creation of UOL's virtual campus for organizations (both academic and corporate) to use for distance learning, the content being a combination of UOL's 250 courses and the organization's own knowledgebase which is formatted for Internet-based distance learning. UOL believes that organizations can structure their own courses in a matter of days, thereby saving weeks, by using UOL's templates to structure on-line distance education. One area in which UOL training specializes in is business management. UOL recently announced an agreement with a financial publisher to provide training programs to assist business and financial-services professionals.

6. Professional Associations. Professional associations are beginning to offer their own "on-line education" to members and non-members alike. For example, the American Society of Association Executives (ASAE) has just opened a new on-line education service, known as DesktopASAE, with 14 professional development courses targeted specifically to the needs of association executives. ASAE Just-in-Time courses are brief, self-study modules from one-three hours in length, covering such topics as "team building" and "delegating for results". ASAE On-line Seminars allow learners to interact with an on-line instructor who leads students through graduate level courses on various topics.

The U.S. Chamber of Commerce offers a number of services to its membership and the larger U.S. business community³³. Some of these services support business training, a good deal of which is provided through distance learning. The U.S. Chamber's Small Business Institute³⁴ provides free distance learning events. Recent training events entitled "More Power to You: Getting the Most from Electric Industry Restructuring" and "Power to the Communities: Municipal Opportunities from Electric Industry Restructuring" were provided via the Chamber's audionet.³⁵

Quality Learning Services is a department of the U.S. Chamber dedicated to training.³⁶ Quality Learning Services arranges live, interactive distance learning events, primarily via satellite-based video-conferencing. Since its inception in 1992, they have produced over 100 distance learning programs. Typically these programs run for a few hours, use world-recognized experts, and allow for interactivity.

7. Federal Government. The Federal Government has begun to rely more heavily on distance learning, with the U.S. military taking a leading role. The military services are expected to obligate \$100 million in FY 1998 and as much as \$2 billion over the next decade for distance learning, which includes simulators and simulation exercises, correspondence course, interactive computer courseware, video and audiotapes, and real-time interactive audi

<http://www.uschamber.org>

<http://www.uschamber.org/programs/sbi>

<http://www.audionet.com>

<http://www.uschamber.org/programs/qls/about.html>

and video classrooms.³⁷ To give a sense of the magnitude involved, the U.S. Army has over 2,000 courses in its current inventory, and has selected more than 500 for conversion to a distance learning format.

The Government Education and Training Network³⁸ is a satellite network dedicated to distance learning for the U.S. government and is based on collaboration between twenty federal agencies with over 1000 downlink sites, 14 uplink sites, and over 7000 hours of annual programming in fields as diverse as environmental, hazardous waste management, professional military education, contracting/acquisition management, and supervisor development management.

The United States Department of Agriculture Graduate School offers more than 1,500 different courses, of which more than 100 are provided via correspondence in the fields of accounting, administration and management, on-line communications, editing, English and writing skills, paralegal studies, elderlaw, library technology, mathematics and statistics, meteorology, and sciences and engineering. Of these, eight are offered on-line, and deal with computers and Internet technical training.

C. Developments Outside the United States.

Twelve universities in Scandinavia (Denmark and Sweden) are developing a virtual university where they will share courses, collaborate on research, and administer joint degree programs via the Internet and videoconferencing systems.³⁹ The project, known as the “Virtual Sound University” is one portion of a larger effort aimed at increasing academic collaboration. Thus far, science and medical faculty collaborations and joint masters’ degrees in library sciences and cultural administration have been launched.

The United Kingdom’s Open University is Britain’s largest university and the world’s largest distance education institution. It has over 100,000 undergraduates and over 80,000 graduate students. It is dedicated solely to distance education. Many of its courses are distributed traditionally, but it is increasingly switching to Internet-based distance learning. Its International Centre for Distance Learning⁴⁰ is a documentation center specializing in collecting and disseminating information on distance education worldwide. The Centre has services which include distance education literature, a database and mindweave, full text chapters on relevant subjects.

A simple search was made of the Centre’s database for “general economics” courses. The

Much of this material is taken from “Distance Learning: Opportunities Exist for DOD to Capitalize on Services’ Efforts”, December 18, 1997, US General Accounting Office Report, GAO/NSIAD-98-63R

<http://www.fgdla.org/GETN2.htm>

“In Western Europe, 12 Institutions See the Internet and Videoconferences as Keys to Virtual University”, The Chronicle of Higher Education, September 27, 1996.

<http://www-icdl.open.ac.uk>

following results were identified: 32 courses in Africa, the majority of such training found in South Africa; 67 courses in Asia, the majority of which were found in Indian educational institutions; 69 courses in Australasia, the majority of which are in Australia; one in the Caribbean (Jamaica); 37 courses in the United Kingdom; and 29 in Canada. It should be noted that not all of these programs use interactive telecommunications technologies, including the Internet; but these figures do provide some indicators as to the extent of distance learning in the field of economics, outside of the United States.

One Scottish institution of higher learning which has established a good reputation for an Internet-based distance-learning MBA program is Heriot-Watt University⁴¹. Eight thousand students have entered this MBA program since 1990. According to the Wall Street Journal, 98% of companies approached to hire graduates from this program has been positive to the idea of distance learning.⁴²

On a regional basis, the European Union launched a European Open University Network in November 1994. The network covers 40 study centers in 15 different European countries with plans to expand to 500 centers by the year 2000. Coordinated by the European Association of Distance Learning Universities in the Netherlands, the EuroStudy Centers provide learners with access to university courses and the open learning network across Europe. Targeted in delivering training to home, EuroStudy Center, and campus-based learners, the Network offers a variety of undergraduate and graduate degree training.⁴³

D. Costs and Effectiveness of Distance Education. Costs of a traditional college education in the United States are high, and keep rising. The average cost (after adjusting for inflation) of a student year of education at an institution of higher learning has increased from \$5,000 to \$11,000 since 1980.⁴⁴ However, many observers expect that modern technologies coupled with distance education will make such higher education more affordable.

The University of Maine charges \$119 per credit hour for traditional classes and \$124 per credit hour for cyber-courses. However, for a 120-credit bachelors degree, studying on-on-line will require \$14,880 in tuition payments, compared with \$34,000 for the cost of attending and living on campus.

Some cyberschools are charging premiums for their education. Duke University's Global Executive MBA program costs \$82,500, compared with the \$50,000 for the regular on-campus MBA program. The University of Phoenix charges its students \$325 a credit for its undergraduate education. For its 102 credit undergraduate program, this amounts to

<http://www.hw.ac.uk>

"CyberDegrees - Who needs a college campus? Just log in and start studying", November 17, 1997 Wall Street Journal.

<http://www.anglia.ac.uk/www.eurostudy.html>

Much of this section is taken from "I got my Degree through E-mail" by Lisa Gubernick and Ashlea Ebeling, Forbes, June 16, 1997

\$33,150; compared to \$25,000 for attending the school's on-campus programs.

At the other end of the spectrum, many on-line education programs are very affordable. Section 5, below, lists a variety of on-line economics courses offered for as little as \$55 per credit at Louisiana State University, \$65 per credit at Oklahoma State University, and \$70 per credit at the University of Washington.

How effective are Internet-based distance learning programs?

Effectiveness studies have been quite consistent in showing that when used in business, military training, and adult learning, there is "no significant difference" in effectiveness between distance learning and traditional instructional methods, and student attitudes are generally positive about the experience.⁴⁵ This "no significant

U.S. Army Study of Distance Education

*From 1989-1994, the U.S. Army studied the effectiveness of distance education technologies: video teletraining, computer conferencing, computer-based instruction, video-based computer-based instruction, voice-based computer-based instruction, and desktop video production. **The results?** The instructional delivery medium does not significantly affect training effectiveness compared with traditional face-to-face instruction, and distance education has the potential to significantly decrease the time a soldier is absent, reducing travel and per diem costs.*

difference" phenomenon between classroom and distance-learning has been documented and compiled by North Carolina State University.⁴⁶ The University of Phoenix recently gave standardized achievement tests to groups of B.S. graduates who studied on-line and who studied in traditional classrooms. On average, the on-line students scored 5-10% higher than those who attended classes.

Thus, Internet-based distance learning appears to be cost-effective, at least in the United States. In considering costs for USAID programs, however, the following need also to be factored in deciding whether Internet-based distance education is cost effective for USAID programs: (a) the costs for international airfare and living expenses associated with the United States; (b) the extra capital costs which might be associated with setting up facilities for distance learning in a developing country/transitional society; and (c) the operational costs of going on-line. As noted in the first deliverable, unfortunately in too many USAID countries these on-line costs are significant, primarily due to poor service and high costs found in statist, non-competitive telecommunications markets.

E. Economic Growth Distance Learning Opportunities. The Oryx Guide to Distance Learning⁴⁷ lists 47 accredited academic institutions which offer media-assisted courses in

"Distance Learning Fact Sheet", U.S. Distance Learning Association,
<http://www.usdla.org/dl.html>

For a thorough review of the "no significant difference" phenomenon, Thomas Russel, Director of the Office of Instructional Telecommunication, North Carolina State University, records the results of 248 reports, summaries and papers on the phenomenon at <http://tenb.mta.ca/phenom/phenom.html>.

"Oryx Guide to Distance Learning: A Comprehensive Listing of Electronic and Other Media-Assisted Courses" by William E. Burgess, 2nd Edition

economics for which academic credit is awarded. This same guide lists 61 accredited academic institutions with business administration courses through electronic media.

Peterson's Guide to Distance Learning provides a more complete listing of accredited⁴⁸ colleges and universities which instruct based on distance education programs. Their 1998 edition lists one university (Eastern Oregon) offering a bachelors degree in economics. One hundred twenty colleges and universities offer certificates and associate, bachelors, masters and doctorate degrees in business administration and management. Three hundred and twenty-five colleges and universities offer economics classes via distance learning. Four hundred and fifty-five colleges and universities offer various business classes via distance learning.

Accredited Distance Education		
<u>Subject</u>	<u>Degrees</u>	
<u>Classes</u>		
<i>Economics</i>	<i>1</i>	<i>325</i>
<i>Business</i>	<i>120</i>	<i>455</i>

The Global Network Academy is a non-profit consortium of distance education institutions. The Academy displays over 15,000 courses and programs from kindergarten to doctoral programs on the Internet⁴⁹. The following table displays economics courses found in a recent search of their browsable catalog.

Table: Cyber Courses in Economics and Business

Topic	Institution	Course Name	Cost
General Econ, Macro/Micro Economics	Empire State College	Deregulation: Do Market Solutions Really Work? Money and Banking	\$120 per credit

Accreditation comes from either National Accrediting Organizations or Regional Organizations. National organizations include: AAOBC-Accrediting Association of Bible Colleges, AARTS- Association of Advanced Rabbinical and Talmudic Schools, ABHES - Accrediting Bureau of Health Education Schools, ACCT - Accrediting Commission for Career Schools and Colleges, ACICS - Accrediting Council for Independent Colleges and Schools, ATHEO - Association of Theological Schools in the US and Canada, COCCU- Council on Occupational Education, and DETC - Distance Education and Training Council. The latter, DETC, is the only recognized distance learning accrediting organization in the United States. Regional Accrediting Organizations include MSACS- Middle States Association of Colleges and Schools, NCACS- North Central Association of Colleges and Schools, NEASC - New England Association of Schools and Colleges, NWASC- Northwest Association of Schools and Colleges, SOOACS- Southern Association of Colleges and Schools, and WAOSC - Western Association of Schools and Colleges. Beyond the United States, the Global Alliance for Transnational Education evaluates and certifies international institutions. <http://www.gnacadey.org>

International Economics	Athena University	How Free are Free Markets?	\$100/ credit hr.
	Brigham Young Univ.	Economic Principles/Problems Economics of Market Systems	\$225
	Louisiana State Univ.	Economic Principles & Problems I Economic Principles & Problems II	\$55/semester hr
	University of Arizona	Principles of Economics	n/a
	University of Missouri	Introduction to Economics	\$111/credit hour
	Upper Iowa University	Macroeconomic Principles and Microeconomic Principles	\$135 /semester hr
	University of Washington	Introduction to Macroeconomics Introduction to Microeconomics Intermediate Microeconomics	\$70 per credit
	Indiana University	Introduction to Macroeconomics Introduction to Microeconomics	\$247
	University of Minnesota	Principle of Macroeconomics Money and Banking	\$344
	University of Colorado CATECS	Engineering Economics Economics, Policy and Management	\$1,800/course
	Ohio University	International Trade	n/a
	Oklahoma State University	International Economic Relations	\$65/credit hour
	Thomas Edison State College	International Economics	n/a
	Troy State University Montgomery	International Trade International Finance	n/a
	University of Nebraska- Lincoln	Introduction to International Economics	\$83/credit
	University of Northern Colorado	International Trade	\$219
	University of Wisconsin- Extension	International Economics	\$318
	New York Institute of Technology	International Economics and Finance	
	Western Illinois University	International Trade: Inside the Global Economy	

Economic Development	Athena University	Problems of Development: A Survey The Economic Development of China Since 1949	\$100/credit hour
	SUNY Learning Network	Social and Economic Development	
	University System of Georgia Independent Study	Economic Development of the United States	
	University of Northern Colorado	Economics of Growth and Development	\$219
	University of Oklahoma	World Economic Development	
	University of Texas at Austin	Development Problems and Policies in Latin America	\$185
Miscellaneous	Pennsylvania State University	Industrial Relations	\$309
	University of Nebraska-Lincoln	Elementary Quantitative Methods	\$97/credit hour

F. Application of Internet-based Distance Education in Foreign Aid. The first deliverable surveyed a number of donor initiatives which seek to use the Internet for distance education. Among them were: (a) USAID's staff training in development studies and core competency skills; (b) the World Bank's economics training for Moscow State University and other Russian universities and business service center, and regular Economic Development Institute courses; (c) the IMF's training in general economic analysis, design of adjustment programs and statistical analysis; (d) the United Nations Development Program's virtual university in Africa and pilot activities involving distance education; (e) the Barent's Group microfinance and Russian bankers training; and (f) Michigan State University plans for graduate-level food policy training for African leaders. That study also described a number of non-government organization (such as the EurAsia and Soros Foundations and IREX) programs to connect (a) institutions of higher education in the former Soviet Union and Eastern Europe with the Internet so that these institutions can take advantage of the research, information, and networking opportunities available via the Internet; and (b) individuals recently returned from overseas training to the Internet so that professional mentoring may continue.

Another donor promoting distance learning is the Commonwealth of Learning, an international organization created by the Commonwealth Heads of Government to encourage the development and sharing of open learning/distance education resources and technologies. In November, the Commonwealth of Learning announced a pilot program offering Canadian scholarships to students from the Caribbean. What is unusual is that studying will take place at a distance, using specifically designed materials and taking advantage of modern telecommunications technologies. Scholarships will be available in the fields of teacher education, information technology, and hospitality management.

G. Alternative Approaches to Internet-Based Distance Education. As noted earlier, distance education refers to the physical separation of faculty and some or all students. Thus far, we have discussed Internet-based distance education as if there were but one approach to its delivery. In fact, there are numerous ways in which such instruction can be designed and delivered. This section presents a number of planning issues and three models for delivery which could be considered in setting up distance learning activities to achieve USAID economic growth strategic objectives.⁵⁰

1. Design Issues. A number of issues need to be considered when planning distance education programs:

1. **Logistical Support.** One particularly important issue when planning for distance education in a foreign aid context is logistical support. Among the questions which must be addressed are the need to treat all students equally; to set up reliable delivery mechanisms for course materials; to have access to a proctored examination site if written exams are to be administered; for the security and integrity of such exams; and for faculty to be reimbursed for extra expenses in managing a distance education program.

2. **Student Support.** Student support is a second planning issue. Thought needs to be given to ensuring that students have access to academic advisors, sources of information about nonacademic matters, faculty instructors, library holdings, scientific laboratories, and computer hardware and software. For example, students must know how and when to communicate with their instructors. Innovative thinking must be given to accomplishing educational objectives when students may not have ready access to campus-based resources (such as libraries and laboratories).

3. **Faculty Support.** Traditional universities don't always have incentives to encourage faculty to become involved in distance education, and in fact there may be disincentives. Should several alternative instructors volunteer their services, it will be important to recruit the most able instructor. Once faculty interest and selection are obtained, support services need to be considered. Among these are faculty training on the model of distance education and the technologies to be utilized; and instructional design, video and graphics production, authoring tools and other computer-based resources to convert a classroom course to one delivered via computer networks.

Much of this material comes from "Models of Distance Education" by the University of Maryland University College, 1997. Internet web site:
<http://www.umuc.edu/ide/modelmenu.html>

4. Evaluation. Faculty evaluation forms completed by students will need to be modified to provide important information about effectiveness in a distance learning environment. The evaluation should look at both the instructor and the tools for delivery.

5. Laboratory Experiences. While largely confined to problems related to scientific pursuits, there may be certain courses which require experiments which are challenged through a distance learning situation. In those instances, creative alternatives will need to be found. Computer simulations are becoming increasingly available which

might surmount this problem.⁵¹

6. Issues Unique to Distributed Classroom Models. Many issues relate to inter-institutional collaboration, such as accreditation; collection of fees; coordinating classes, classrooms, and schedules; and responsibilities for providing and servicing computers and related equipment.

2. Models. The three models offered here represent the two ends and middle of a continuum of distance learning options.

1. Distributed Classroom. Interactive telecommunications technologies extend a classroom-based course from one location to a group of students at one or more other locations. Typically a class mixes both on-site and distant students. The faculty and institution control the pace and place of instruction.

2. Independent Learning. This model frees student from having to be in a specific location at a specific time. Students are provided a variety of materials and access to a faculty member who provides guidance, answers questions, and evaluates work. Contact between the student and faculty can take place via electronic mail, computer conferencing and other interactive telecommunications options.

3. Open Learning Plus Class. This model involves use of a course guide and

In the field of business and economics, as opposed to more scientific pursuits, the Internet itself can become a rich laboratory and library. Internet Resources for Economic Educators, by Richard Upjohn and Holt Ruffin, for the National Council on Economic Education and Center for Civil Society International, provides a large number of web sites which economic educators can use as part of their instruction. Many involve databases and reports on economic subjects. There are even games/simulations to drive home economic principles.

One interesting example is “Be Your Own Chancellor!” [<http://www1.ifs.org.uk>] which is maintained by the Institute of Fiscal Studies, a London think-tank. This is an on-line computer model which enables visitors to see how different tax rates will affect various socio-economic categories of citizens in Britain.

other media to allow the individual student to study at his/her own pace, combined with occasional uses of interactive telecommunications technologies for group meetings among all enrolled students.

The characteristics of these three models are displayed in the following table:

Models of Distance Education

Distributed Classroom

Independent Learning

Open Learning Plus Class

CHARACTERISTICS

6 class sessions involve synchronous communications; students and faculty must be at a particular place and time.

6 number of sites vary from two (point to point) to five or more (point to multipoint)

6 students enroll at sites more convenient to their homes/work places, rather than campus.

6 institutions are able to serve small numbers of students in each location.

6 the learning experience simulates that of classroom for both instructor and student.

6 no class sessions, students study independently, following detailed syllabus guidelines.

6 students may interact with instructor and students.

6 presentation of course material is via print, computer disk, or videotape, all of which students can review at a place and time of their choosing.

6 course materials are used over period of several years, and generally result of a structured development process that involves instructional designers, content experts, and media specialists; not specific to a particular instructor.

6 presentation of course content is through print, computer disk or videotape, all of which students can review at a place and time of their choosing, either individually or in groups.

6 course materials (content presentation) are used for more than one semester, often specific to the particular instructor (e.g. videotape of instructors lectures).

6 students come together periodically in groups in specified locations for instructor-led class sessions through interactive technologies (following distributed classroom model).

6 class sessions are for students to discuss and clarify concepts and engage in problem-solving activities, group work, lab experiences, simulations, and other applied learning exercises.

For Class Sessions:

2-way interactive video (compressed or full motion) or 1-way video with 2-way audio, or audioconferencing or audiographic conferencing

Out Class Communications:

telephone
mail
fax
computer (Internet)

TECHNOLOGIES

For Class Sessions:

none, since no class sessions

Out Class Communications:

mail
telephone
voice-mail
computer (Internet)

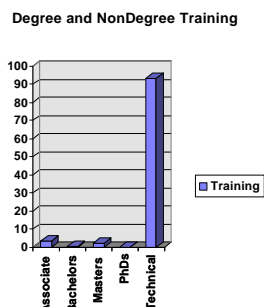
For Class Sessions:

2-way interactive video (compressed or full-motion) or 1-way video with 2-way audio, or audioconferencing, or audiographic conferencing.

Out Class Communications:

telephone
computer (Internet)
mail

H. USAID's Economic Growth Training Programs. In 1995, 28% of all USAID training and exchange activities supported business and free market economics programs, making this the single largest area for formal training.⁵² To better understand what types of training USAID managers have arranged for participants, USAID's database for participant training for fiscal years FY 1994-96 was examined. A table displaying the results is found in Attachment D.



During this period, USAID arranged 10,793 training programs, the great majority (93%) of which were non-degree technical training, of a short-term nature. The average duration of such technical training was 38.65 days. The remaining training objectives were to receive academic credentials: 3.5% were for associate degrees, 0.6% for bachelors degrees, 2.4% for masters degrees and .2 percent for doctorates. The accompanying chart displays the breakdown of economic growth training programs by these categories.

Of the defined fields of study, 20 disciplines account for almost 87% of all training. The top five areas of study are (a) business management and administration; (b) general finance; (c) general business; (d) banking; and (e) small business development. The chart below displays the twenty top areas of training.

Some limitations on this database needs to be noted. First, the data was entered by training officers around the globe, so there may be problems with consistency. Second, the data does not include incountry training, which is arranged by various USAID missions, contractors and grantees. Some observers believe in-country training to be several times what is recorded above for training in the United States. However, while the total number of USAID training activities might be significantly greater than indicated above, their distribution by degree and fields of study should not differ from the full figure.

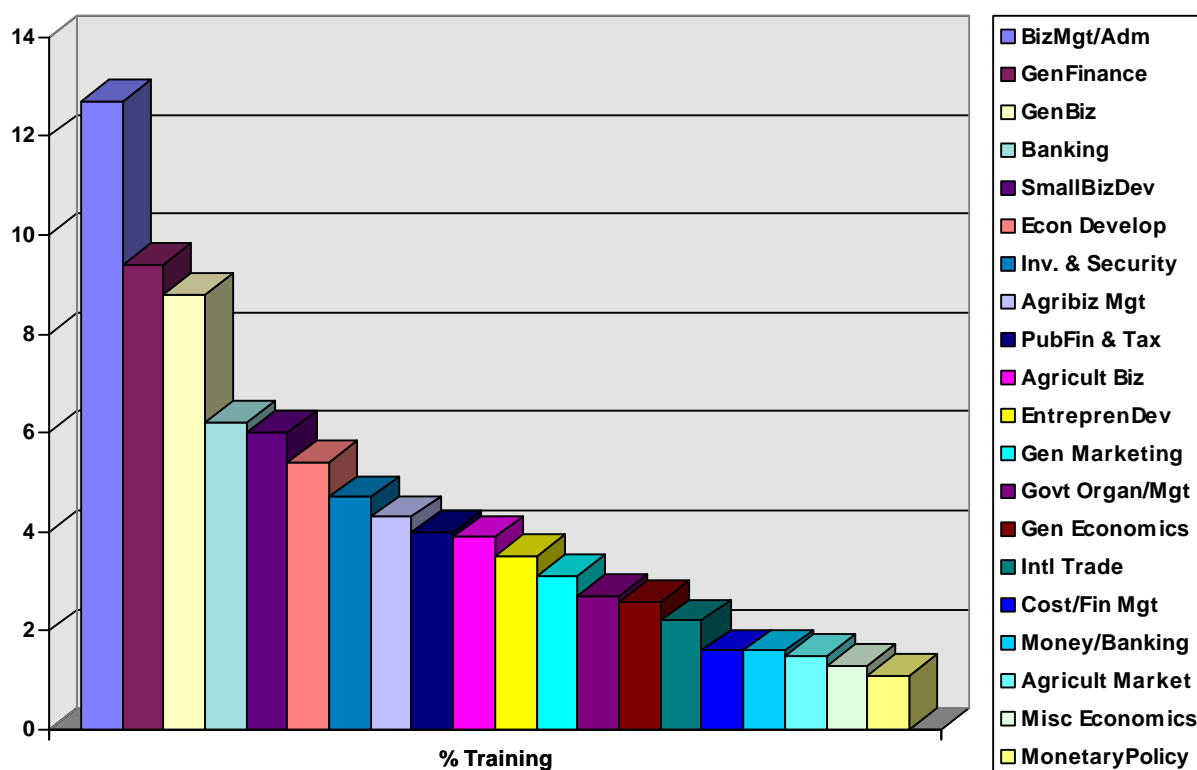
The conclusions one can draw are as follows:

- a. The great preponderance of training is short-term and technical in nature, which should be particularly suitable for Internet-based distance learning;
- b. Much of the training (two-thirds) relates to business administration, finance, and management, areas where Internet-based training programs in the United States have a dominant role; and
- c. the bulk of degreed training is at the associate and masters levels, for which there

⁵²“International Exchange and Training Activities of the U.S. Government, 1995 Annual Report; Compiled by the U.S. Information Agency.

are multiple options via Internet-based distance learning.

Areas of Study for USAID Participants, FY 1994-1996



I. Proposal for an Internet-based Distance Education Program.

The main conclusions one can draw from the above are that:

 C distance learning is growing in the United States, and the Internet is becoming the preferred choice of delivery; and

 C there are many opportunities for economic growth training via the Internet; however
 C little advantage of these new opportunities.

Many of the same reasons why distance learning is growing in the United States also apply to USAID's own human capacity development efforts:

 C Much of the growth in distance learning in America is fueled by an older population which is working full-time but seeking to upgrade various professional skills due to global economic competition and technological revolutions. By and large, this is the same profile of the vast majority of USAID participants.

 C American firms benefit when their employees remain on the job, while they upgrade skills part-time. This is also a benefit for USAID programs where it is difficult for the best counterparts to leave their responsibilities for even short-term training.

C The flexibility implied in asynchronous distance learning via the Internet allows busy American professionals to better balance work, home, and professional development. This same benefit would apply to USAID counterparts who are targeted for training, particularly women who tend to have more responsibilities at home in traditional societies.

. C On-line education can be significantly less expensive than traditional classroom experiences, benefiting both American employer and student. At the same time, USAID needs to stretch dwindling foreign aid dollars while participant training programs remain expensive.

C A final comparison relates to the effectiveness of Internet-based distance learning which allows the student to access information when and where he/she wants, often while involved in real world professional problem-solving. Such benefits apply equally whether the student is an American or a developing country professional.

A number of actions can be taken by the U.S. Agency for International Development to better utilize Internet technologies to strengthen economic policy programs in developing countries and transitional societies. They could be broken down into four approaches:

1. Utilize existing Internet-based distance learning opportunities already available at American colleges, universities, and training institutions within existing USAID economic growth programs. This effort merely records existing opportunities and let's USAID program managers know what is available so that informed choices might be made.

2. Encourage American institutions to develop new on-line training programs customized to the needs of economic policy reform efforts. A variation on this theme would be to select a global economic policy of particular importance and encourage appropriate American institutions to develop supportive Internet-based distance learning programs.

3. Facilitate American distance learning providers to actively target students in particular countries or regions for existing and/or customized courses associated with economic growth and policy reform. This might be particularly appropriate in graduating USAID countries and regions, or in a region with compelling development problems, such as sub-Saharan Africa.

4. Develop a virtual economic growth university for mutual education and training among USAID and its contractors, grantees, and host country institutional partners. This would allow USAID to capture, disseminate and cross-fertilize in-country training programs conducted by USAID contractors and grantees.

Following is a discussion on each of these alternatives. It should be noted, however, that these are not mutually-exclusive options. USAID's Center for Economic Growth can pursue one or more of these options at the same time.

1. **Utilize existing Internet-based distance learning opportunities.** As should be

clear from the above discussion, there are hundreds of business and economics courses already available and delivered at a distance through American colleges, universities, professional associations and corporations. However, little use has been made of these training courses by USAID program managers, despite “business and economics” being USAID’s single largest training objectives. A major impediment has been the lack of knowledge among USAID managers both in Washington and in field offices regarding digital education. Thus, it is suggested that USAID develop, maintain and disseminate a Directory of On-Line Economics and Business Training for USAID program managers.

The database might include:

Training Opportunities within American Institutions of Higher Learning. The most relevant on-line training opportunities being offered by American colleges and universities should be culled and evaluated as to their relevance to USAID. The Directory should also investigate how many foreign students are presently availing themselves of these programs, and how oriented the courses are towards international development.

Training Opportunities within American Professional and Trade Associations. USAID should develop relationships with appropriate American professional and trade associations which would allow USAID participants, partners and counterparts to avail themselves of on-line education presently offered to the association’s membership. The Directory would also describe these opportunities.

Other On-Line Training. Private non-degreed but certified training is also available on-line, ranging from firms offering finance, banking, economics and business management learning opportunities. Quality assurance with respect to these training offerings will be particularly important. USAID should review these offerings and determine those most relevant and appropriate for USAID programs. These would be displayed in the Directory also.

The Directory should also describe the technological requirements for delivering all training and how well they fit the within USAID countries. In some cases, the on-line programs might demand a degree of technological sophistication not presently available in all countries. Because this information is changing so rapidly, it will be important to set up a system to maintain this Directory on a quarterly or semi annual basis.

USAID program managers could also benefit from successful examples of how on-line distance education has been incorporated within USAID and other donor programs. Because distance learning is such a new concept for USAID, the Directory might also include some guidelines for program managers as to approaching, analyzing and establishing distance education within the context of USAID programs.

Setting up a system to evaluate the degree to which distance learning is being adopted within USAID programs, and how effective such training is will be particularly important in the years ahead.

2. Encourage American institutions to develop new on-line training programs.

While alternative A is a passive approach -- basically setting up mechanisms whereby

distance learning as practiced in the United States is reflected within USAID economic policy programs -- alternative B would play a more aggressive role in shaping how American educational institutions view and interact in emerging markets overseas. In this approach, USAID would (a) carefully examine training plans associated with economic policy reform/economic growth programs; and then (b) encourage American educational institutions which have training activities of particular interest to go on-line (assuming they have not already done so) and market/distribute their customized products to the needs of USAID participants. A variation on this theme would be to select a global economic policy reform of particular importance and encourage appropriate American institutions to develop supportive Internet-based distance learning opportunities.

In this approach, USAID would first need to examine Agency economic policy reform/economic growth training needs for the next 3-5 years to determine critical areas for training. This would require an interactive approach with USAID missions to better understand their ongoing and planned programs and how they intend to meet training requirements. Secondly, an examination of current on-line programs would be made to see where matches existed. Assuming the Directory of On-Line Economics and Business Training were developed and maintained, this would be a relatively simple step. In those instances where there were a need for more on-line opportunities, USAID would approach educational institutions to meet this need.

Approaching educational institutions must be carefully done to ensure the widest possible source of content, competition, and least-cost. The costs of going on-line are not insignificant, depending on the approach and technologies adopted. USAID could solicit proposals in a number of ways. One would be merely to announce that USAID intended to avail itself of a certain number of on-line training courses in particular fields for delivery to participants in USAID countries around the world. This approach would assume that training institutions would bear the investment costs in going digital with the expectations that it would recoup these costs with the follow-on training. A second approach would be to enter into agreements with a number of training institutes in which USAID would bear some of the capital costs of going digital, in exchange for more moderate training charges for actual participants.

One example of this alternative would be in an area such as telecommunications deregulation, assuming USAID determined this to be a high priority for training over a number of years and that an analysis of existing on-line programs left many gaps. In such a case, USAID could issue a request for proposals from American training institutions for on-line training programs which instructed in defined aspects of telecommunications reform and which could be delivered to a number of developing country/transitional society markets. USAID would select from the best proposals. Another approach would be to select an institution such as the U.S. Telecommunications Training Institute and encourage it to digitize important courses, perhaps by underwriting some of the expenses of doing so.

3. Facilitate American distance learning providers to actively target students in particular countries or regions. This approach would have a geographical focus on a

particular country or region for existing and/or customized courses associated with economic growth and economic policy reform. By focusing on a country or region, one could better tailor economic and business programs on: (a) the instructional needs of the country or region; (b) the language and cultural requirements of the area; and (c) technological solutions to overcome telecommunications barriers (including costs) to delivery. The latter two issues -- language and technology/ costs -- were highlighted at the December National Research Council workshop as major barriers to the adoption of Internet-based distance learning in a number of developing countries. This approach might be particularly appropriate in graduating USAID countries and regions, or in a region with particular and compelling development problems, such as sub-Saharan Africa.

Once a decision were made on a particular country or set of countries in a region (say West Africa, Eastern Europe, or Central America and the Caribbean), USAID would examine the economic policy reform/economic growth programs in this country/region and the associated training requirements which could be met through Internet-based distance learning. Assuming the Directory of On-line Training were available, one would first examine the opportunities presented by existing programs. One would then seek to encourage other training institutions to provide content in areas where there are still gaps.

However, this differs from earlier approaches in that it would aim to customize both existing and proposed training to the development context, language and telecommunications requirements in the targeted country or region. For example, by concentrating geographically, one might ask training providers to: (a) modify content to make it more appropriate to real life problems in that particular country/region; (b) translate content into the prevailing language(s); and (c) seek out policy/technology solutions to overcome unreliable service and high costs, should the targeted country/region suffer from statist telecommunications policies. The latter solution set might entail: (1) reaching agreement with the host governments to establish telecommunications free zones in which telecommunication services, unencumbered by statist monopolies, might operate for development training; (2) establishing technological solutions in that zone which bypasses local service; and then (3) creating a virtual university or learning community within that zone. Other approaches might include having American on-line training groups form joint ventures with local partners who would be responsible for obtaining permission from the host governments for improved service at subsidized costs; translation into local languages, and modification of content to meet local needs.

This approach might be particularly relevant to those countries which are considered emerging markets and scheduled to “graduate” from USAID assistance. Prior to closing offices, USAID could undertake efforts to maintain an American presence with virtual educational opportunities. One could also envision this approach working in say the Arabic-speaking world where an Internet presence is growing but the dearth of Arabic content is constraining. In these cases, USAID would focus efforts on have American content providers translate materials into local languages.

4. Develop a virtual economic growth university for mutual education and

training. Many separate and uncoordinated training activities are supported by USAID. Individual project contractors and grantees establish training courses in separate countries which often cover similar topics, say agricultural marketing policies, emerging capital markets regulation, private power investment incentives, and telecommunications deregulation approaches. Courses are presented to a given set of local participants and the activity then ends. Little is captured for future groups in the same country, let alone transferred to other countries struggling with similar problems.

Digital and interactive technologies allow one to begin networking among training programs. Using off-the-shelf software, or courseware, USAID can begin requiring contractors and grantees who establish and conduct in-country training to format that training for use in other countries by digitizing presentations. While there may be some reluctance by training providers to have their materials remain in USAID's domain, and costs may rise accordingly, this approach provides a longer-lasting training benefit. Over time, USAID could develop a series of short-term training programs which can be utilized when appropriate. This would allow USAID to disseminate and cross-fertilize in-country training programs conducted by USAID contractors and grantees.

One could also envision USAID licensing other existing courseware and making it available to both its own employees, counterparts and partners on topics of importance. These courses could be added to the learning community established with incountry training activities. Then, over time, USAID would have a menu of training in the fields of business and free-market economics which could be called upon, when required to support USAID programs.

To this virtual university, a digital library could be established with important research undertaken by USAID projects, contractors, grantees and partners. The outcome of USAID supported research and technical assistance, these materials would be of value and called upon to support training programs. A virtual learning community then results.

To get started, the software infrastructure would have to be installed. USAID would need to select and maintain an Internet-based system which would allow training courses, as well as documents for its digital library, to be inserted. Procedures would need to be established for missions to ensure that their contractors, grantees and partners participate, and benefit as well from a growing virtual learning community. Contracts, cooperative agreements, and grants would need to be revised to require participation in such an effort. Thought could also be given to inviting other donors to participate.

VII. SUMMARY OF FINDINGS AND CONCLUSIONS. The objective of this study is to develop new approaches for USAID to promote economic reform in developing countries and transitional societies via use of the Internet. The first deliverable, an inventory of Internet development uses and analysis of ten Internet-based programs, was submitted on October 27. ***This report is the second deliverable: It analyzes USAID's economic policy agenda and details three economic reform initiatives which could be conducted via the Internet.*** The final deliverable will be a detailed description of an Internet-based economic reform program for the Center for Economic Growth.

A. The Policy Agenda. This second deliverable began with an analysis of USAID's economic policy agenda. All of USAID's FY 1998 Congressional Presentations were reviewed and economic policy information was extracted into a matrix according to six classifications: Macroeconomic, agricultural, industrial, trade and investment, financial, and business environment policies. A rating of "2" implied that the USAID country program has a major interest in a particular policy, and a rating of "1" implied that the USAID country program has a minor interest in a particular policy. The rankings were then summed up to establish three composite figures: (a) total raw scores; (b) number of countries with a major or minor interest in a particular policy agenda; and (c) an average score, dividing total scores by number of countries. The results are displayed in the table below.

Ranking of USAID's Economic Policy Agenda

Policies ⁶ Rankings ⁹	MacroEcon- omic Policies	Agriculture Policies	Industrial Policies	Trade and Investment	Financial Policies	BizEnviron Policies
Total Score	49	39	34	30	40	30
No. Countries	29	23	21	19	24	18
Average Score	1.7	1.7	1.6	1.6	1.7	1.7

After this analysis and discussions with the Center for Economic Growth, a decision was made to focus on: (a) strengthening trade and investment policies; (b) improving business environments; and (c) incorporating web-based training.

B. Trade and Investment Policies. Nineteen USAID country or regional programs have objectives to improve trade and/or investment policies, eleven having a major focus on such policies. There are a number of potential partners to support Internet based trade and investment policy strengthening, ranging from international organizations to American government agencies, non-profit organizations, and universities; among which are the World Trade Organization, the U.S. National Telecommunications and Information Agency, the International Tax and Investment Center, and Michigan State University.

While these and other institutions listed in this report have a policy orientation, there are also numerous trade and investment business facilitation services who could play a role in strengthening trade and investment policies. Examples include the International Finance Corporation's African Business Network which seeks to increase direct foreign investment in Africa, TradePoint USA, a non-profit dedicated to trade facilitation, and Trade Compass, a for-profit, Internet-based international trade service.

The six Internet applications suggested in the first deliverable to strengthen economic policies in general, also prove valuable tools when focusing on trade and investment.

1. Economic Research and Analysis. Policy makers and economic researchers can acquire accurate and timely pricing and other information on domestic and international trade policies, network to share trade data across borders, and obtain general and specific information to help establish attractive investment policies. For example, Michigan State University has a very comprehensive handbook on how agricultural economists can mine resources on the Internet. Dow Jones Business Directory provides useful information on policies and conditions in emerging markets.

2. Public Transparency and Advocacy. International organizations can explain the benefits of freer trade, national governments can use the Internet to keep their citizenry informed about trade and investment policies, business leaders and their associations can use the Internet to compare trade and investment policies across competing economies, and advocacy groups can lobby for reforms. For example, the Republic of Kazakhstan has a web presence which is credited with changing the mindset of constituencies toward an open and global approach to privatization.

3. Professional Networking. Government officials, researchers, and businesspersons need to network to remain current on the latest developments in international trade and investment. The Internet has tools, such as virtual conferences and listserves, which facilitate such networking. For example, Trade Compass, a private Internet service to facilitate international trade, runs “Trade Talk”, an interactive on-line forum to discuss international business, legal and transportation issues.

4. Institutional Networking. The Internet can assist economic research institutions, trade and investment promotion agencies, business associations, and non-governmental organizations to stay current on trade and investment developments by sharing information, reports, and general news and views. For example, the Multilateral Investment Guarantee Agency’s on-line IPANet facilitates institutional networking among national investment promotion agencies. As nations learn about investment incentives offered by competitors, they tend to adopt more liberal policies themselves.

5. Distance Technical Assistance. Formulating trade and investment policies often requires specialized expertise, which is expensive and not always on-call to travel to isolated locations. The Internet provides more flexibility for delivering such services. For example, the International Tax and Investment Center taps into specialists who are otherwise engaged, such as teaching at elite universities; in one case helping develop an oil and gas investment code for a Central Asian Republic. The Institute for Agriculture and Trade Policy also offers consulting and technical assistance to its partners around the world, largely via the Internet.

6. Distance Learning. Training is a staple input for trade and investment reform programs. In the United States, the telecommunications revolution is fueling a

resurgence for distance learning, which could benefit trade and investment programs abroad.

For example, Western Illinois University is offering an on-line program entitled “International Trade: Inside the Global Economy”. Less traditionally, Trade Compass is creating an International Business Academy which will offer an Internet delivered international trade certificate program.

USAID could follow three approaches to strengthen trade and investment policies:

1. Organize an Internet presence to support USAID projects. The Center for Economic Growth can facilitate a more deliberate and coordinated use of the Internet by establishing a web presence dedicated to strengthening trade and investment policies. This site would be open to USAID program managers, counterparts and partners around the world; and would describe ongoing programs, contain a virtual library, link with other sites, moderate chat rooms, provide listserves, connect with other donors, allow consultants to provide on-line advice, guide distance learning opportunities, permit public advocacy and transparency, and foster innovation. The benefits of this approach are that it would cost little, merely helping to organize the information on the web for USAID and its partners.

2. Encourage trade and investment policy institutions to become virtual. A second alternative would build on the first but also encourage other trade and investment policy organizations to become virtual partners. These partners could be American training providers, consulting groups, think tanks, universities, professional and trade organizations, government agencies, private voluntary organizations, and state and local governments. This approach would also encourage partners in developing countries and transitional societies to participate, thereby expanding both the supply of relevant content, expertise and learning opportunities, and actual demand for the service.

3. Support a specific policy reform -- employing all Internet applications. This approach would focus on an important and strategic trade and investment policy. For example, if telecommunications liberalization were selected, USAID might organize an Internet presence with links to all appropriate USAID programs, a virtual library, an opportunity for participating countries to present their policies; linkages with other sites (e.g. the National Telecommunications and Information Agency); a moderated “chat room” to discuss subjects (e.g. recent global telecommunications agreements); listserves and virtual conferences (e.g. the benefits derived from competitive markets for Internet services), linkages to donors and non-governmental organizations, connections to on-line telecommunications advisors, directions to telecommunications distance learning sites, public advocacy (e.g. the World Information Technology and Services Alliance), and space for innovation. Organizations like the U.S. Telecommunications Training Institute would be encouraged to develop distance learning courses and an Internet presence.

C. Improved Business Environment Policies. Eighteen USAID country or regional programs want to improve business environments -- defined as improving commercial and economic laws and practices, and strengthening business associations. Of these, eleven have a major focus on improving the business environment. Of the eighteen

USAID programs, seventeen express the need to strengthen a variety of commercial and economic laws and practices, and five express a need to strengthen business associations.

There are a number of potential Internet partners to improve business environments, ranging from American government agencies, to non-profit organizations, for-profit firms, and universities; among which are the U.S. Patent and Trademark Office to support legal improvements in intellectual property rights protections, the Center for International Private Enterprise to strengthen business associations, the USAID legal and institutional reform requirements contractors to address commercial laws ranging from collateral to condominium laws, and Cornell University's Legal Information Institute which has experimented with distributing legal documents and commentary in electronic form since 1992.

The same six Internet applications also can help improve business environments:

1. Economic Research and Analysis. The legal profession in America makes extensive use of the Internet to conduct research. There are numerous web sites which present everything from the U.S. Commercial Code to Supreme Court cases and studies and reports on economics and law. The U.S. Department of Commerce's National Trade Data Base provides information on commercial laws and practices for most trading partners of the United States. Tapping into such information is useful to those law and policy makers, businesspersons and researchers engaged in establishing and reforming commercial laws and practices in developing countries and transitional societies.

2. Public Transparency and Advocacy. The Internet can be used as a vehicle for national governments to inform business communities about commercial laws, thereby promoting transparency and reducing the opportunities for corruption; as a USAID project in Indonesia has started to place a large segment of economic law on CD-ROMs. Likewise, the Internet can be used as a tool for advocating reforms of commercial laws and practices, with Transparency International placing best practices in building and maintaining a country's national integrity system, including codes, rules, laws and instruments on the web. Business associations, including American Chambers of Commerce, in emerging markets, also use the Internet to express points of view, as does the AmCham in Panama with its use of the web to promote privatization.

3. Professional Networking. The Internet allows lawmakers addressing commercial laws and practices to stay abreast of current international developments and interact with former professors and legal colleagues. Business leaders, economists and other professionals also concerned with business law can do likewise. Among the opportunities for professional legal networking over the Internet include Law and Economics Associations for America, Canada, Europe and Latin America, mailing lists such as the George Mason University-Based Law and Economics Mailing List, and the Legal Scholarship Network with abstracts of law and economics working papers. On the business association side, the Center for International Private Enterprise's on-line Forum on Economic Freedom allows discussion on economic reform, business development and democratic institutions with the authors of

articles in its Economic Reform Today journal

4. Institutional Networking. The Internet allows like-minded legal institutions to collaborate together. The Legal Information Institute at the Cornell Law School worked with the University of Zambia Law School to establish a Zambian legal database and Internet site, providing access to Zambian Supreme Court decisions, and important recent but previously inaccessible statutes. The Center for International Private Enterprise has effectively used the Internet to network with business associations around the world, winning an award from the Financial Times of London for its Internet strategy. It maintains an Economic Freedom Network of 60 business and other associations spread across the globe, and accessible via the Internet.

5. Distance Technical Assistance. Establishing and improving commercial laws, policies and practices requires very specialized knowledge and expertise. Traditional approaches to technical assistance are expensive and at times inflexible. The Internet can be utilized as a tool for increasing the flexibility of technical assistance, and acquiring short term services of those otherwise engaged. The IRIS Center at the University of Maryland employs a combination of traditional and distance technical assistance to strengthen economic laws in the former Soviet Union.

6. Distance Learning. There are many web-based courses available on business law, economics and finance which could be of value to USAID counterparts and partners. For example, the New York Institute of Technology On-Line Campus offers three courses in business law, and a program in collective bargaining and labor relations. The U.S. Chamber of Commerce Small Business Institute provide free distance learning events. Short courses can also be developed and customized to meet the needs of particular audiences.

USAID could follow five approaches to use of the Internet to improve business environments. The first three follow the approaches suggested to strengthen trade and investment policies, and the latter two are more specific approaches to commercial law reform and business association strengthening.

1. Organize an Internet presence to support USAID projects. The Center for Economic Growth could facilitate a more deliberate and coordinated use of the Internet to strengthen business environments with a web presence, much as was articulated and structured above for trade and investment policies.

2. Encourage trade and investment policy institutions to become virtual. The second approach would build on the first but also encourage other organizations which could contribute to business environment policy strengthening to become virtual, again as described above for trade and investment policies.

3. Support a specific policy reform -- employing all Internet applications. The third approach would take a common business environment policy issue and implement

Alternatives 1 and 2 in a focused manner. An example of this would be to focus on improving government procurement regulations and practices.

4. Establish a web-based commercial law repository and advocacy center. The fourth approach recognizes how valuable the Internet is to the American legal profession and how important it is for developing countries and transitional societies to be able to compare their commercial laws and practices. Thus, USAID's Center for Economic Growth could contribute towards the evolution of commercial and economic law by helping to establish a meta web site which would allow the commercial and economic laws of USAID countries and regions to be posted and compared, along with commentaries to explain why and how the laws were adopted. This would help consolidate separate efforts to address a variety of commercial laws, to some extent in isolation of one another. One could group regions with common legal systems and histories together; for example, those countries of the former Soviet Union and Eastern Europe that are dealing with the evolution of condominium law as their economies migrate from public to private housing. Advocacy could be built into this effort, utilizing existing scoring and ranking systems to compare the business environments in USAID countries to one another, across various categories. Best practices, and model laws, regulations and procedures could also be posted.

5. Strengthen relationships and support among business associations. The Internet is a particular attractive tool to strengthen business associations; the Leland Initiative in Africa demonstrating that business leaders are among the first to grasp the power of this telecommunications medium. USAID's Center for Economic Growth could take a larger view and attempt to establish a global network to link business associations in USAID countries and regions with one another and with appropriate institutions in the U.S.. The Center for International Private Enterprise has demonstrated how the Internet can be used to support private business associations, but more can be done: carrying out business and economic research, distance technical assistance and distance learning, being just three such applications.

D. Incorporate Web-Based Training. Technology-driven distance learning is making major inroads in higher education in the United States. One third of American colleges and universities offered distance education classes in 1995 and another quarter planned to offer such courses in the next three years. Almost 26,000 distance education courses were available, more than 750,000 students participated, and 690 degrees and 170 certificates were offered in 1995. It is expected the Internet will become the preferred delivery mechanism for such training in 1998.

Public universities have been the predominant providers of distance education in the United States, but private colleges and universities have also been offering on-line classes. For example, Duke University offers an expensive Global MBA program using the latest Internet technologies. Virtual universities, whose campuses are defined strictly by computer networks, are also growing. For example, the University of Phoenix On-line Campus has more than 30,000 students and is fully accredited, offering several bachelors and masters degrees. The Peterson's Guide to Distance Learning lists distance education opportunities

in accredited colleges and universities. The 1998 edition lists one degree and 325 classes in economics; and 120 degrees and 455 classes in business.

Private corporations are also engaged in distance learning; in fact 30% of all distance learning in the U.S. being provided by non-academic sources. Financial Courseware, a private training provider, is one example of a non academic institution, specializing in short courses on international financial markets and instruments to more than 500 organizations.

In 1995, 28% of all USAID training and exchange activities supported business and free market economics, the single largest area for formal training. An analysis conducted by this study examined USAID's participant training database between 1994-1996. It found that (a) the great preponderance of training is short-term and technical in nature, which should be particularly suited for Internet-based distance learning; (b) much of the training (two-thirds) relates to business administration, finance and management, areas where Internet-based training programs in the United States have a dominant role, and (c) the bulk of degree training is at the associate and masters levels, for which there are multiple options via Internet based distance learning. At the same time, only a few examples of USAID utilizing distance learning in these fields were found.

A number of actions can be taken by the U.S. Agency for International Development to better utilize Internet technologies to strengthen economic policy programs in developing countries and transitional societies. They could be broken down into four approaches:

1. Utilize existing Internet-based distance learning opportunities already available at American colleges, universities, and training institutions within existing USAID economic growth programs. This effort merely records existing opportunities and let's USAID program managers know what is available so that informed choices might be made. It would create a Directory of On-Line Economics and Business Training, the database containing training opportunities within American colleges and universities, American professional and trade associations, and other on-line training. The Directory would also describe technological requirements for delivering all training, and successful examples of how on-line education has been incorporated into foreign aid programs.

2. Encourage American institutions to develop and market new on-line training programs customized to the needs of economic policy reform efforts. While the first alternative is passive, basically setting up mechanisms whereby distance learning as practiced in the United States is reflected within USAID economic policy programs, this alternative would play a more aggressive role in shaping how American educational institutions view and interact with emerging overseas markets. After analyzing USAID's need for policy-based training and comparing that with off-the-shelf opportunities, USAID would approach educational institutions were a need for more on-line opportunities to become apparent. A variation on this theme would be to select a global economic policy of particular importance and encourage appropriate American institutions to develop supportive Internet-based distance learning programs.

3. Facilitate American distance learning providers to actively target students in particular countries or regions for existing and/or customized courses associated with economic growth and policy reform. By focusing on a country or region, one could better tailor economic and business programs on: (a) the instructional needs of the country or region; (b) the language and cultural requirements of the area; and (c) technological solutions to overcome telecommunications barriers to delivery. This might be particularly appropriate in graduating USAID countries and regions, or in a region with compelling development problems, such as sub-Saharan Africa.

4. Develop a virtual economic growth university for USAID and its contractors, grantees, and host country partners. This would allow USAID to capture, disseminate and cross-fertilize in-country training programs presently developed and conducted in isolation by USAID contractors and grantees. Digital and interactive technologies allow one to begin networking among training programs. Over time, USAID could develop a series of short-term training programs which can be utilized when and where appropriate. creating a menu of field training in business and free market economics. To this a virtual library could be established with important research results available to all partners. A virtual learning community would thereby be created.

ATTACHMENTS

ATTACHMENT A: MATRIX OF USAID COUNTRIES, SECTORS AND POLICIES⁵³

Sectors	Macro-Economic	Agriculture	Industrial	Trade and Investment	Financial	Business En
Examples of sector policies	budget, tax, Fx regimes general economics	domestic trading	privatization, domestic competitiveness energy/telecom	tariffs, other barriers to trade, investment codes	stock and bond markets, banking regulations	Commercial la Business ass
AFRICA						

Ethiopia

USAID supports Ethiopia's Civil Service Reform program, primarily by strengthening the budgetary and financial processes, both at the center and in the regions.

USAID has promoted policies to liberalize the agricultural economy. Focusing on reducing the role of the public sector and increasing that of the private sector, USAID has support-ed changes which reduced the market share of the para-statal grain trading agency; eliminated state monopolies on distribution and sales of foods; opened up fertilizer distribution and retailing to the private sector; and lifted transport controls.

USAID will continue to complement the GOE's emphasis on increasing production, working at the policy level as well as on the ground. USAID will support key analytical activities to stabilize food price mechanisms in the emerging market economy, and build on early support to improve data collection techniques, analysis and timeliness of the annual agricultural survey.

Ghana

The Trade and Investment Reform Program is a five-year activity to enhance Ghana's potential to earn needed foreign exchange and compete internationally. The Program will support policy reforms, technical assistance and training to improve the investment environment and technical capacity of Ghanaian enterprises. First, the policy reforms will focus on eliminating and revising regulations that adversely impact on Ghana's international competitiveness in sectors that have the potential to contribute to exports such as horticultural and wood products, telecommunications and financial services. Second, technical assistance and training will help firms working throughout the export production and marketing chain to improve their managerial and operational skills as well as their ability to identify and penetrate viable markets. Third, the program will enhance the sustainability of efforts now underway in Ghana's Central Region to support economic growth and generate tourism revenues.

Kenya

The key to economic growth in Kenya lies with the agriculture sector which is dominated by smallholders. Thus, agriculture remains a primary focus of USAID's strategy in achieving economic growth. USAID's strategic objective of commercializing smallholder agriculture is based on strengthening private sector participation and competitiveness in agricultural markets in Kenya. Past commercialization reform work in the cereals market has resulted in the GOK reducing control over grain marketing.

Improving efficiencies in agricultural markets alone, will not necessarily improve food security in Kenya. Efforts are also being focused on improving consumers' incomes through increasing market-ing and employment for rural people. USAID analyses indicate that the most effective way to maximize employment opportunity in the near future will be to focus resources in the microenterprise sector.

Madagascar

USAID focuses on three activity areas: commercial law reform; financial sector modernization; and broader participation by citizens in public policy. USAID has concentrated on the financial sector to support a revitalized, financially strong National Savings Bank and a strengthened and independent Central Bank. The National Savings Bank mobilizes private savings and investment and is the only financial institution serving low-income households throughout the country. The variety and quality of financial services offered to low-income households has expanded under the Financial Market Development activities. Direct assistance to collaborating financial institutions ends in 1997. Work on the legal framework for the financial sector will continue.

FY 1998 funds will support commercial law reform. This activity responds to the desire of the business community to have a judicial system that provides swift and fair justice. In FY 1997, USAID supported the development of legal texts which were previously unavailable to judges and lawyers, trained Magistrates and lawyers in commercial law and provided expert advice on legal reform and administration. These activities will continue. USAID will also support simple and inexpensive dispute resolution mechanisms such as arbitration to resolve commercial disputes.

Under the Participatory Poverty Reduction activity, USAID is improving the ability of civil society groups to represent the interests of their members in the public policy arena and become more active in addressing those interests. USAID is also supporting groups previously excluded from public policy debates. USAID also provided technical assistance to government specialists to improve the quality of policy analysis.

Malawi

USAID aims to increase smallholder access to agricultural inputs, output markets, and cash crop production alternatives using policy dialogue and project assistance.

USAID has focused its efforts on increasing smallholder cash incomes. It has significantly reduced the economic control of the parastatal marketing board and expanded smallholder access to world market prices for cash crops. Smallholders are expanding cash crop production, marketing freely, and retaining a higher proportion of the selling price.

USAID's focus is now on increasing per capita rural incomes through: (1) decontrolling agricultural input and output markets; (2) expanding farmer-owned agribusiness and cooperative marketing activities; and (3) reducing transport costs of imported inputs and exports.

Mali

USAID addresses structural constraints in the subsectors contributing most to economic growth: livestock, cereals, financial services and non-traditional products. USAID's assistance has focused on agricultural research and extension, resolution of marketing problems, privatization, export promotion, savings mobilization, and microenterprise.

For each subsector, USAID seeks an improved policy environment, better use of technology, improved skills, and greater access to financing and relevant information. For livestock, activities include developing commercial transport for local marketing and export; increasing access to private veterinary services; developing a livestock information system; and encouraging the governments of importing countries to remove tariff and non-tariff barriers. For cereals, activities include improving land tenure policy, promoting private and community investment in irrigated rice production, and promoting cereals exports. Increasing access to credit and business training and improving the market information system is fundamental to these efforts. For nontraditional products, activities include developing air cargo

For financial services, activities include developing an appropriate regulatory framework, developing sustainable microfinance institutions, increasing bank credit to these institutions and increasing access to financial services.

Mozambique

The engine for growth will be the agricultural sector. USAID will promote policy reform through Title III, and technology transfer, market development, micro-enterprise expansion, and infrastructure rehabilitation through its regular activities.

The strategy supports improved access and market development, expanded rural enterprise, and increased agricultural production. The Title III program will bring about agreement to change policies which are constraining the development of agricultural markets and production. Prominent will be revised procedures and regulations of the land law. These will recognize and reinforce the right of smallholders and encourage sustainable land use, simplify licensing and registration of traders, trans-porters, agro-processors, and foreign investors, reduce government interference in influencing prices, and a policy framework within which rural financial institutions develop and extend credit to micro-enterprises. The Mission also proposes to strengthen the capacity of the Agriculture Ministry to analyze, promulgate and implement policies that stimulate agricultural production and marketing, and promote sustainable

USAID has urged rapid privatization of state-owned firms, promoted private American investment in Mozambique and encouraged the GRM to move swiftly on financial sector reform and to clamp down on corruption.

The GRM recently instituted an ambitious program of financial sector reform, customs and tax reform, investment promotion, privatization, decentralization, and combating corruption. The major commercial banks have been privatized, the customs services put under private management, an increasing number of state-owned enterprises privatized, and the US Treasury has made recommendations to improve Mozambique's tax structure.

Laws pertaining to transactions and n "economic manage attention. As the C increase the pace o Mozambique's eco process, the weakn judicial sector will progress, unless the judiciary has the c independent and ef

Senegal

USAID is looking to the agricultural and private sectors as catalysts for broad-based growth. USAID's strategy is to increase private incomes derived from the sustainable use of natural resources. The program focuses on minimizing government regulation and expanding private activity, especially in Senegal's large rice markets.

Recent USAID activities have contributed to lower prices for consumers, increased income for traders, and improved resource allocations based upon clearer market signals. Specific key results include: (1) agricultural products marketed through the private sector have increased; (2) government regulations and involvement in the private sector have been slashed; (3) rice processing, marketing and importing are now entirely handled by the private sector; (4) private traders are free to import and sell rice at any price, and the government's rice parastatal has been eliminated; and (5) privatization of the groundnut parastatal, the largest privatization ever undertaken in francophone Africa, is on track.

South Africa

Economic growth in South Africa can only achieve its full potential through economic empowerment of all South Africans. Four of six strategic objectives actively contribute to this goal through an improved human resource base, economic growth and equity, and educational training.

The Government and NGOs are building analytical skills for examining economic issues. As a key element of the Binational commission, in 1996 USAID selected and sent to the US the first "Mandela Economic Scholarship" recipients to study economics at the Masters and PhD levels. This program will train 68 such candidates over the next 10 years, deepening South Africa's human resource base in economic policy analysis. Complementing this, a forum has been created which will combine dialog and technical assistance to strengthen economic policy formulation in the government and NGO sectors.

In the areas of private sector development and housing, USAID is leveraging capital through the Small Business Loan Portfolio Guaranty, and Housing Guaranty Programs. These programs are complemented with policy reform and technical assistance to assure that solutions are sustainable. The 1997 program will provide additional resources for municipal finance.

South Africa is proposed as a key participant in the Agency's newly-announced Economic Growth Initiative. South Africa's participation would focus on combining improved urban planning and access to financing mechanisms to help create a well-functioning municipal infrastructure finance market in South Africa and thus ensure that coverage of services such as water, waste and solid waste disposal is expanded.

Tanzania

Ongoing USAID assistance in restructuring the financial sector has enhanced the technical and managerial skills of the Central Bank and increased its independence, prepared the groundwork for a private sector insurance industry and introduced a completely market-based foreign exchange system. Over the past two years, private financial institutions have opened. The new Business Services Center, and its Advisory Council, have been welcomed as a practical approach to resolving technical and marketing problems inhibiting private sector growth. USAID has assisted in the establishment of Tanzania's first venture capital fund, and established an enterprise trust fund to support new private sector investments. USAID will continue working with public and private sector entities to reduce the procedural and regulatory bottlenecks inhibiting increased private sector participation in economic development.

Uganda

USAID has made crucial contributions to improving the agriculture and business environment. The cash crop sector grew; high value non-traditional export commodities have grown even faster. USAID has been a partner in efforts to achieve fundamental macroeconomic reforms. In this environment, investments directed at easing the constraints to agriculture productivity and rural business offer realistic prospects for achieving long term gains in rural living standards.

To continue the recent rapid pace of development, USAID will assist Uganda to : (1) move beyond the successful resolution of macro-economic policy issues and tackle "second tier" regulations that continue to impede business development; (2) increase productivity of land and labor; (3) improve the efficiency of commodity markets; (4) expand rural financial services; and (5) assist in rehabilitation of rural roads. Activities will help to: (a) expand and diversify Uganda's export base, by increasing food crop exports and high value commodities; (b) expand rural financial services to microenterprises and tackle policy and regulatory constraints to business development; (c) increase food crop productivity by

Zambia

Supported by USAID, Zambia's agriculture sector liberalization and privatization activities have led to an improved enabling environment and significant medium-term agribusiness investment over the past two years. Out-grower schemes are flourishing since the privatization of state-owned farms, bringing jobs to rural areas. With the removal of maize and fertilizer subsidies, farmers in dry areas are shifting from maize production to sorghum and other more suitable crops.

However, the provision of agribusiness services to small farmers is expensive, as rural population densities are low and infrastructure is poor. Fortunately, rural group businesses and village management committees have illustrated how some farmer groups can profitably work with agribusiness and in natural resources management.

New USAID obligations will be used to privatize additional major state-owned industrial and training enterprises from public management; to facilitate further opening of supporting institutional structures; and to move the majority of rural producers into the diversified market economy, away from state-guided and heavily subsidized maize monocropping.

Two of USAID's goals in Zambia are to get Government out of businesses better carried out by the private sector and to encourage rural groups to contribute in greater measure to the national economy. The objective of USAID's Privatization Support Project was privatization of between 50 and 75 state-owned enterprises. As of September 1996, Zambia had privatized 137 former parastatal units. Zambia has begun divestiture for Zambia consolidated Copper Mines and the telecommunications industry, two of the principal generators of export revenues.

The Zambia Telecommunications Company, currently undergoing privatization under USAID's Regional Telecommunications Restructuring Project, will become private by early 1998. The USAID-supported Zambia Communications Authority is now issuing licenses to private companies offering value-added services to the telecommunications industry.

Two USAID-funded business training and hands-on technical assistance projects supplement privatization efforts by providing skills and management training to new

Zimbabwe

USAID's strategic objective--broadened ownership in a growing economy--acknowledges that access to economic resources has been disproportionately vested in the minority population and government itself. USAID assistance has three components: increased access to low-income shelter and its attendant economic benefits; support to the private sector through employee ownership schemes, business/trade associations, and mechanisms to increase access to capital for small- and medium-sized enterprises; and promotion of local private sector training organizations.

There has been success in low-income shelter, where USAID has been involved in promoting housing development and mortgage lending techniques. Since 1992, the number of low-income Zimbabweans that can afford a house has tripled as a direct result of reforms negotiated through the USAID program.

USAID has overseen the emergence of a viable market in small and medium enterprise training services and the promotion of new SMEs through franchising and subcontracting.

Angola

Making broad-based economic growth a reality in Angola requires moving away from the command economy that has dominated Angola . The first step will be making the economic management improvements that will lead to an IMF agreement. USAID strategy - that of leveraging resources both domestic and offshore - is to provide some of the technical assistance and models necessary for Angola to stabilize its economy and promote broad-based, productive economic growth from the private sector rather than continue its command economy dominated by the public sector and the rent-seeking economic behaviors so prevalent in the past. These community-based interventions are crucial to the achievement of broad-based economic growth.

In 1998, USAID w assistance in comm reform - particularl to open the econon domestic and forei - to mobilize capit capital formation. 7 will be implemente conjunction with si community revitali recapitalization to : majority of Angol participate in the e development of the

East & Southern Africa Region

The objective of the Regional Trade Analytical Agenda is to identify the impact of evolving trade and agricultural policies on agricultural productivity and food security in the region. The information generated is being used to inform policy makers and encourage the appropriate policy responses to achieve stated national and regional objectives concerning trade, agricultural production and food security. A process has been established which allows these activities to move "from policy analysis to policy implementation," and builds the capacity of African decision-makers to develop, implement and disseminate their results related to regional trade. There are a number of examples of accomplishments to date. First, Malawi has sanctioned the free movement of maize both in-country and cross-borders. Second, Uganda has informal trade as its cornerstone. Third, the East African Cooperation Secretariat has adopted recommendations from the Cost of Transport Analyses and has identified a pressure group for reforms. Fourth, results from the Southern African Comparative Advantage study are being used to formulate a regional food security strategy which will be put forward to the 1997 SADC Ministerial meeting. Fifth, Ethiopia requested that one component of the Agenda, the East African Cost of Transport Analyses, be extended to include the northern tier countries of the Horn of Africa. Sixth, TRADE-NET, connecting the SADC Trade Ministries with their secretariat has allowed USAID to fulfill the terms of a 1995 Memorandum of Understanding signed by Vice President Gore.

Southern Africa Region

USAID's current support for privatization and restructuring of telecommunications and railroads is putting in place the key arteries along which trade and the information critical to private sector development will flow. USAID provided technical assistance and other resources required for the formulation of the Protocol on Transport, Communications, and Meteorology which was signed by the SADC member countries in 1996. This protocol provides the region, for the first time, with a frame-work to facilitate policy reform in the transport and telecommunications sectors and to harmonize regulations, infrastructure standards and specifications to facilitate efficient cross-border movement of goods, services and people in support of trade and investment and the overall goal of regional economic growth.

In telecommunications, USAID is working with Zambia to open its telecommunication sector to private participation. USAID is also assisting Swaziland and Namibia in creating telecommunications regulatory capacity, and Botswana and Zambia with the introduction of -

A Southern Africa Trade Protocol was recently signed to establish a free trade area by the year 2004. USAID is supporting its implementation through the Regional Policy Dialogue and Implementation Activity. USAID provided technical assistance to enable the region to review and refine its Trade Protocol, and USAID's Regional Policy Dialogue activity is now supporting efforts to implement the Protocol. One of the first tasks will be to bring together key members of the region's private and public sectors to discuss the protocol and decide how best to implement it. Assistance on several key issues that are defined by this group will follow.

Sahel Region

USAID's program pursues broad-based economic growth in the Sahel by addressing policy and regulatory impediments to the development of local markets and exports, especially the enabling environment affecting agriculture and commerce across national boundaries. These activities consist in promoting: (1) dialogue on monetary and trade policy at the regional level; and, (2) private sector efforts to identify and eliminate barriers to trade in the region. The first activity puts analyses into the hands of stakeholders and policy makers and brings them together to negotiate policy changes that affect more than one state in the region. The second is focused on assuring that stakeholders, particularly those in the private sector, are active participants in the identification and implementation of concrete steps to reduce barriers to intraregional trade.

The Livestock Action Plan is an example of a specific trade barrier reduction activity. The Livestock Action Plan provides policy analysis and facilitates dialogue on livestock trade policy and regulatory issues, as well as a forum for negotiation. A combination of government and private sector individuals have worked together successfully to eliminate formal and informal constraints to livestock trade.

USAID has also helped and provides limited support to the West African Economic Network (WAEN), a sector organization of African countries, to develop very practical approaches to strengthening the business environment in the making business case for its members. For example, it helped organize credit banks across member states to facilitate trade transactions. It has been designated a sector source for dialogue on policy issues in several areas and by the Economic Community of West African States (ECOWAS). The Network is recognized by governments and multilateral donors as a credible private sector in West Africa. USAID works through the Network on its agenda, including ECOWAS in reducing non-tariff barriers to transportation across the region with the West African Monetary Union and currency issue.

ASIA AND

NEAR EAST

Bangladesh

USAID has supported improvements in agricultural productivity, through policy reform and technical innovation, agricultural research, and rural roads and electricity for irrigation and food processing.

Productivity in fisheries, vegetable production, livestock, forestry, and other high potential agricultural subsectors has grown rapidly over the past several years.

Unfortunately, both drought and flooding, combined with GOB policy errors in the fertilizer sector, have led to some declines in the rice sector in recent years.

USAID focuses on three intermediate results: (1) increased farmers' use of more productive, environmentally sound technologies; (2) policy changes to increase farmers' access to inputs and output markets, involving private firms and the GOB in policy dialogue and analysis to improve policies affecting farmers' productivity; and (3) improved, sound rural infrastructure.

USAID's support has included the provision of technical assistance, training, and commodities to improve the (a) operating efficiencies of Bangladeshi financial institutions and private businesses; (b) access to credit for the rural poor; (c) disaster preparedness activities; and (d) access to improved rural infrastructure.

USAID activities focus on: (1) an enabling environment within which small and microentrepreneurs can operate profitably; (2) improved business efficiencies through policy change, skills training, introduction of better technologies, and nontraditional credit availability; and (3) improved levels of disaster preparedness to mitigate losses caused by disasters.

India

USAID's Agricultural Commercialization & Enterprise program is working to improve the investment environment for private agribusiness's in horticulture and food processing in order to create jobs and increase productivity in agriculture.

USAID's strategic objective is to accelerate broad-based economic growth through financial sector reforms and increased mobilization of capital

The current capital market assistance program is working with the Securities and Exchange Board of India to increase the transparency and administrative efficiency necessary to attract domestic and foreign capital. USAID is supporting continued growth of the market by providing assistance on both policy and regulatory reform and the introduction of new technologies required to assure protection to investors. USAID helped the National Stock Exchange to establish India's first securities depository which became operational. It is also assisting in the development of: (1) disclosure standards for the issuers of equity and debt; (2) market surveillance, inspection and enforcement plans that meet international standards; and (3) regulations for an efficient securities trade settlement system.

USAID is supporting the development of a debt market to finance environmental infrastructure projects in India. The program provides loan guarantees (Housing Guaranty funds), as well as technical assistance and training, to generate commercially viable, urban infrastructure projects.

USAID's housing finance program promotes the development of a financially sound, private sector, housing finance system. The expanded policy agenda includes increasing the financial resources available to the housing sector, expanding

Indonesia

USAID seeks to sustain liberalization of international trade and domestic competition for the mutual benefit of Indonesia and the US. USAID's specific outcomes are: Improved policies and practices that promote openness to international trade and investment; Improved policies and practices to promote strengthened domestic economic competition; and Strengthened relationships between US and Indonesian private and public partners which emphasize sustainable, mutually beneficial linkages between the two countries.

This is a narrowing of USAID's strategic priorities to focus more closely on areas which link strong Indonesian economic growth to US trade and investment interests. In anticipation of the completion of USAID's work in this field by FY 2001, USAID will emphasize linkages between partners in both countries with mutual interest in supporting strong, open international trade policies and an improved domestic competitive environment.

USAID's support for improvements in the international trade environment yielded significant results over the past year. Technical experts advised their Indonesian counterparts on the steps necessary to meet commitments within international fora such as APEC and the WTO. Understanding has improved the new international regulatory environment and its implications for such sensitive topics as protection of intellectual property and anti-dumping measures. USAID assistance has provided a strong economic foundation for deregulation of the soybean industry and the fisheries industry;

Transparency in the regulatory environment is important both to the strengthening of international trade investment and in domestic competition. Until most legislation has been systematically collected, it is not easily available to need access to it. With USAID assistance, the Government of Indonesia is making a large segment of its law and regulation in word-searchable format. While still in the draft stage, this work has been making Indonesian law more general much more accessible to the public than in the past. USAID is also assisting its work to assist the updating and in so doing creating new legislation in the field of economic law. Capital Markets and Consumer Laws have already been drafted. Further work has been undertaken to move forward for other areas of economic legislative development: investment, arbitration, secured transactions, certain aspects of intellectual property law.

US technical assistance is helping overhaul government policy and practice in small business development. They are also strengthening the role of private agricultural associations for production and acting as channels for communication with government.

Nepal

Agriculture offers the best prospects for broad-based growth in Nepal. USAID seeks to increase the sustainable production and sales of forest and high-value agricultural products. USAID's involvement in developing legislation to provide communities with the legal right to manage their productive resources has had a substantial impact on increased agricultural productivity. USAID is encouraging Nepal to further liberalize economic policies, privatize state-owned agricultural enterprises, and develop efficient agricultural research capability to provide the technology essential for achieving a sustainable increase in the agricultural growth rate.

The Philippines

In public finance, the United States continues to encourage the Philippines to improve coordination among the tax planning, collection, administration and allocation elements of its public revenue structure.

Through USAID's continued support to the BOT program, the Philippines is paving the way for private investment in infrastructure programs. Both the BOT and telecommunications programs have opened up substantial US business opportunities.

USAID's economic growth strategic objectives are: Broad-based economic growth in Mindanao; and Improved national systems for trade and investment.

At the national level, local public policy groups supported by the US continue to break down many long-established trade and investment barriers. The US provides grants for research and coalition-building, which lead, in turn, to further improvements in trade, investment, and finance policies. This is expected to create expanded opportunities for US businesses. Indeed US support has been critical to the creation of many of the Philippines' forward-thinking business coalitions.

The US will pursue additional trade and investment liberalization and promotion programs including those beyond the WTO agreement and in the context of the APEC initiatives. USAID will implement these activities toward accelerating new markets and expanding investment options for US business to take full advantage of opportunities in areas including environmental protection; BOT activities in power, transportation, water supply and solid waste management; telecommunications and information technology; and in the fishing, trucking and shipping, agribusiness and infrastructure sectors in Mindanao.

The US supported the adoption of a new policy of self-regulation by the Philippine Stock Exchange, the creation of a new electronic central depository for securities, the deregulation and automation of the public bond auction process, and the commitment by the GOP to broaden the role of private lenders to small businesses.

Sri Lanka

USAID aims to increase private sector employment and income by:

1) Expanding Private Enterprise Growth. USAID will improve Sri Lankan enterprises' access to new technology, markets and finance, thus increasing their productivity and competitiveness. The central thrust of Program will be direct assistance to enterprises; and

2) Improving the Enabling Environment for Accelerated Economic Growth. By doing so, USAID will help create better conditions for broader participation in the growth process. USAID will also help to: (i) increase private sector savings and investment; and (ii) implement key economic policy reforms related to financial markets, privatization, agriculture and trade liberalization.

USAID assistance will address the major constraints to access and opportunity in the private sector: inconsistent government policies and regulations; insufficiently developed financial market regulations; inadequate economic infrastructure; government interference in the agriculture sector; and a shortage of adequately trained private sector managers. USAID will help strengthen both

Mongolia

USAID seeks a policy and institutional framework conducive to rapid private sector expansion: through improved macroeconomic management; economic policy analysis in both the public and private sectors; and asset and credit management among small commercial banks. USAID has enabled Mongolia to implement economic reform by funding a policy advisor in the Prime Minister's Office to assist in the development of a macroeconomic plan.

USAID-funded research led to a decision to significantly expand privatization. USAID technical assistance helped Mongolia arrive at a solution to its Russian ruble debt burden. Training by US bankers helped develop sound banking procedures and internationally-compatible standards.

USAID will assist Mongolia establish and implement sound, growth-oriented, market economic policies and practices. USAID will strengthen public and private sector institutions that will help sustain a market economy; provide technical advisory services to the Vice Prime Minister's Office; provide technical training in the banking sector and lastly, provide academic training in the United States in the

Egypt

A principal objective of USAID is accelerated private sector-led, export-oriented economic growth to create a more competitive, outward-looking, market-based economy, in which the private sector plays the leading role in business and trade decisions. Three areas for immediate examination and improvement are trade promotion, privatization and regulatory reform.

To support policy reform, USAID makes available cash transfers and technical assistance to help develop, carry out, monitor and evaluate select elements of its reform program. For example, USAID helped increase sales tax revenues, thus helping to reduce the budget deficit. Other progress in meeting targets in 1996 included major reforms to facilitate exports and the privatization of companies, banks and insurance companies.

USAID-supported policy reforms have helped to improve performance of Egyptian agriculture. Reforms have resulted in increased production of major food crops, substantial increases in real farm income and removal of most direct controls and price interventions. With USAID support, equity capital for the country's major rural credit institution has risen; Egypt allowed the importation of lower grade cotton, which has the potential of dramatically increasing the export of higher quality cotton; and Egypt now permits the leasing of ginning capacity to the private sector, allowing private cotton traders to purchase from farmers.

In order for agriculture to add significantly more impetus to Egypt's overall economic growth, the sector must overcome the slow growth of net value added. Therefore, USAID's agricultural assistance helps Egypt focus on increasing net value added by accelerating technology transfer and overcoming remaining policy barriers. Although far from completion, agricultural policy reforms have helped open all major markets to private competition, except sugarcane and fertilizer, and have, generated prices equal to world prices. Some recent reversals in agricultural policies have only served to emphasize

USAID helps Egypt carry out privatization. USAID has provided technical assistance to analyze policy options, marketability of properties evaluations, and sale and outreach campaigns.

Egypt's industry and business have benefited from USAID's large investments in power. Through the 1997 to 1998 period, this sector will face serious policy decisions. In 1996, reforms were instituted to improve management efficiency and employee productivity. The economic pricing of power and the reduction of overdue arrears by public sector companies will be among the hardest improvements to implement. On the positive side, Egypt has approved establishment of a vital regulatory board that will be responsible for pricing and collections. Egypt's Prime Minister is receptive to proposals from private sector enterprises to build, own, operate and power to the marketplace to supplement public sector generation. In FY 1996, Egypt took steps to implement three BOOT projects. The President's Council, which receives USAID support, has urged the BOOT approach for both telecommunications and

One of USAID's major objectives is to help the Egyptians develop export opportunities. To accomplish this, USAID is assisting Egypt with trade liberalization measures. Other activities supporting export development include technical support for private non-governmental organizations (NGOs). These organizations serve as private sector advocates to encourage removal of policy and regulatory obstacles to export expansion.

Over the next year, USAID will promote key GOE reforms to strengthen the financial sector, promote trade liberalization through continued reduction in tariffs and other import/export barriers, and foster growth in the Egyptian private sector.

Much of Egypt's legal regulatory, judicial and tax structures are but are being modified with USAID assistance. investment response progress in macro reform and liberalization have been substantial but many elements that conducive business still need to be established. USAID recently helped the GOE to modernize and strengthen intellectual rights concerning patents, trademarks and industrial designs. USAID is also providing assistance to help Egyptian firms increase their access to information and technology to improve their competitiveness and strengthen advocacy support an active service market. By FY 1996, operation of a business information highway, major business assistance in Egypt with business the world, using the Business Exchange Chamber of Commerce

Jordan

USAID's objective will be to generate private sector-led employment opportunities and increase incomes in Jordan. To more equitably spread the benefits of Jordan's recent economic growth, this activity is being designed to overcome problems of access to credit by a focused range of private-sector borrowers, enhance the productivity of small- and medium-size enterprises, and facilitate increased private-sector investment in Jordan. USAID is developing a strategy to achieve its private sector-led employment and income generation objectives which Washington will evaluate during the Spring 1997. In developing the new objective, USAID will consider the place of limited on-going, private-sector focused activities presently being financed by USAID, such as micro-enterprise finance support, export credit guarantee programs and investment promotion activities.

Morocco

USAID's strategic an expanded base c in the economy, tar of below median i response to changi availability, the ma certain past efforts. partnerships with c USAID's initiatives: been re-focused up microenterprise fin and medium-sized development, expo agribusiness expan urban infrastructur improvements. US. concentrate on ame policy and instituti constraints which g disincentives, costs administrative burc businesses. The pr access to credit, an competitiveness of firms to enable exp and job creation. It strengthens busine and NGOs that brii disadvantaged into mainstream.

USAID's policy resulted in several reforms being adop elaborated, or unde review, including t a business registrat law for agricultural property rights (no Parliament), and st the Ministry of Fin law easing the lega to create non-govei associations that de lending, and exone associations from c Through program c of road transport o exports has been re percent.

West Bank/Gaza

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Bulgaria

The Bulgaria program will continue to focus upon private sector growth in a free enterprise system and grassroots democracy. These areas will continue to be supported by limited work to restructure the social safety net system to one appropriate to a free market. Under private sector growth, direct provision of debt and equity finance and technical assistance to small and medium enterprises will continue to lead the program. Support-ing initiatives in the legal and regulatory environment, technical skills transfer and financial sector restructuring will supplement the main effort. In order to deliver services expeditiously and efficiently to SMEs, USAID/Bulgaria has developed the Firm Level Assistance Group (FLAG) which is comprised of seven leading organizations delivering operations-level (production, marketing, audit/accounting, corporate finance) assistance, as well as training.

The US Treasury Department has been promoting the equitable and transparent implementation and administration of taxes.

USAID has played a critical role in national and municipal privatization programs.

Firm level assistance must strengthen private firms' competitiveness, while policy, legal and regulatory environment assistance must work to strengthen competition in the system, helping to create a more level and transparent playing field. Financial resources must be made available to the emerging private sector, even in the absence of an efficient and well functioning domestic banking sector.

USAID initiated work in enterprise restructuring focused principally on the area of corporate governance. As the number of private firms continues to swell in the wake of privatization, companies will be increasingly accountable to shareholders. As such, companies must develop and refine their management, administration, and operations, which includes corporate governance. Assisting corporations in this way is a necessary successor to work in capital markets development.

In order to facilitate organizational communication, an electronic network was established and now a web page is being developed to

The Bulgarian Securities and Stock Exchange Commission is developing the legal and regulatory framework for emerging domestic capital markets. With legal support from American Bar Association's Central and East European Law Initiative, the Central Depository for Securities was established as the centerpiece of the fledgling capital market.

In the absence of an efficient and well-functioning financial sector, USAID addresses the private sector's debt and equity capital needs through special Funds. For the longer term, USAID is assessing the prospects to support the development of construction, trade and mortgage finance facilities, as well as the creation of credit cooperatives targeting the needs of predominantly rural borrowers, including farmers and their associations which have received technical support under the FLAG program.

At the policy, legal regulatory level, as being provided to 1 associations both a improving member and as a means of them into sustainat advocates which al reviews of policies regulations. USAID launched a new ini the Implementing I Program where a 1c resident advisor wi government, busin voluntary organiza NGOs to formulate agenda for SMEs. ' conferences have a sponsored with sen officials, and resul SME paper which parliamentary disci final Law on SMEs

The drafting and implementation of which foster comp private sector grow critical to the reform conjunction with tl agenda, US consul draft needed legisl policies, suppleme established prograr year, the IRIS Cent a much needed Co which was adopted 1996. IRIS is now establish a collater which is critical fo and lenders. USAID train the implemen Bankruptcy Law, s and trustees, and t implemented.

Hungary

USAID will assist Hungary in instituting more sound fiscal policies and fiscal management practices. Sound fiscal policies and fiscal management practices are necessary underpinnings of Hungary's efforts to achieve a dynamic private sector economy. USAID's strategy is based on the three principal elements of responsible fiscal management: more efficient budget and program management; improved revenue generation; and rationalization of the role of government. A major priority is pension reform. USAID assistance has been vital to the development of a reform framework and legislative options. USAID is developing effective, cost-efficient ways to strengthen the institutional underpinnings of sound fiscal policy-making and financial management covering tax administration, revenue forecasting, treasury/debt management, expenditure management, pension administration and health sector reform.

Hungary has become the region's privatization leader. As a result, USAID considers this privatization Strategic Objective fully achieved. The last of important privatization activities, banking and energy, are critical to other strategic objectives and will be continued.

USAID assists Hungarian SMEs by addressing constraints in four principle fields: access to commercial banking services; access to market and technology information; more efficient business systems and practices; and a more rational tax structure.

USAID's efforts to improve access to market technology include access to the Internet, as a multi-donor-sustained system of information flows to SMEs. USAID introduced the Internet through a system of 35 Local Enterprise Agencies established to provide training and support to local enterprises. Small entrepreneurs thereby gained access to information and were able to promote the sale of their own products and services. The resulting networks will make information on market opportunities available over computerized databases. Appropriate information is also available to banks

USAID seeks a more competitive and market responsive private financial sector for Hungary, so is assisting financial market reform by addressing constraints in the areas of regulation, supervision and operational efficiency. Through USAID assistance, a draft of the Financial Institution Law has been refined for submission to Parliament. A centralized Treasury Department in the Ministry of Finance is now fully operational. On-site bank audits by the Hungarian State Banking Supervision Agency are now being conducted. USAID is assisting the Hungarian Bank Association sponsoring a new credit rating agency. In collaboration with US Treasury advisors, substantial support has been in bank restructuring, privatization, and debt management.

USAID housing related assistance, including a loan guarantee program, encourages mortgage lending and reform policies affecting the housing finance market.

USAID has provided curriculum and training in risk and credit management to senior and middle-level bank managers of the National Savings Bank. Implementation of these procedures paved the way for a new small business loan portfolio guarantee program which will increase the availability of loans to SMEs.

Lithuania

USAID seeks to strengthen fiscal management; forge a more stable financial environment; and improve the enabling policy environment conducive to sustained private sector growth.

USAID's work on fiscal management has been achieved through the efforts of the US Treasury program to implement a modern, well-functioning treasury system. Such a system is needed to ensure quick collection of government funds into a central account along with a payment-as-needed system for disbursements. Other Treasury efforts have focused primarily on tax administration. Through their efforts, the Tax Administration Law was passed, which clearly defined the rights and responsibilities of the tax payer and tax collector. Additional work has been done on developing implementation regulations, training tax inspectors and developing a public information service about the tax system. Whereas USAID's past focus has been on tax administration and tax enforcement, future activities will focus on tax policy and tax compliance. This work will include reviewing draft tax laws, developing a tax code, and developing the capacity

USAID has improved the enabling environment conducive to sustained private sector growth. Efforts directed towards achievements of the strategic objective have focused on reform of the commercial legal system, GATT accession and institutional development of effective competition and consumer laws.

Much of the foundation has been prepared for reducing major price and trade distortions and improving the legal framework. Future efforts will concentrate on elimination of major price distortions, particularly setting up energy prices to reflect actual economic costs and setting up environmental charges to internalize cost to pollution. Together with the assistance provided by other donors in reducing inter-sectoral price distortions, this will lead to improved enabling policy environment for private sector.

The other important area for private sector growth will be effective trade policy development which will increase market assets. Assistance in this area will concentrate on enhancing trade policy development skills within the Government. Together with EU assistance on preparation work for EU membership as well as on entry into regional trade accords, this will lead to improved market access for private business and therefore will stimulate businesses to grow.

USAID has been in the banking sector since mid-1993, through work with commercial banks and the bank supervision department. After a year of training and daily guidance, the Central Bank was able to examine commercial banks, identify major problems in ten banks and close them down, thereby preventing further losses to depositors. An inspection manual, which will institutionalize the lessons learned, is almost completed. In addition to Central Bank assistance, USAID has worked to make the commercial banking sector more viable. This has been done in various ways, including increasing the skills of bankers through courses in credit management, asset-liability management, internal audit and other areas. Another area has been to develop alternative financial institutions. The World Council for Credit Unions has helped put in place legislation allowing for the establishment of credit unions. An Environmental Investment Fund is under development. An advisor is assisting on corporate governance issues at the three large state-owned banks. USAID advisors are also working on improving banking legislation in the Commercial Bank and the Central Bank Laws.

The role of the capital markets remains underdeveloped. Future USAID work will target the regulatory body, the stock exchange and market intermediaries to improve their types and quality of activity. This will include developing laws and regulations governing the capital markets, improving corporate disclosure and

The third area of concentration will be reform of the legal framework. Focus on the development of necessary for further growth, strengthen professional skills and bar, and the development and implementing alternative resolution

Poland

Over the five years since independence, Poland's small and medium-sized enterprise sector has grown dynamically. There are still some factors in the Polish economy, notably poor credit and onerous tax systems, that constrain the private sector, especially in SME.

USAID assisted with the conceptual and regulatory design of a mass privatization program. USAID advisors have contributed to a revision of Poland's commercial code, especially provisions on tax administration, public procurement, and bankruptcy. USAID helped a new foundation develop a formal strategy for small businesses and helped draft a modern collateral law that was passed.

Continued support will be provided to lobbying efforts in support of SME. Assistance will also continue in the following areas: commercial law reform and legal information for SMEs will also be provided. In view of the progress made by the SME sector in Poland to date and the remaining technical know-how constraints still facing the sector, greater emphasis will be given to improving and strengthening indigenous business support

To complete Poland's transformation to a market economy, the Polish financial sector will have to play a greater role in mobilizing savings and efficiently allocating investment. Depositors' and investors' confidence in financial institutions must be established. More accurate and complete information must be made available to creditors and investors. Competition among financial institutions and between debt and equity markets needs to be encouraged, and markets need to be deepened. Financial institutions still lack skills in corporate finance, risk analysis, and mortgage lending.

An on-site bank examination manual has been developed for Poland's central bank and trained examiners completed their first-ever examination of a major Polish bank. A modern collateral law was recently approved by Poland's legislature which will provide greater surety to banks in lending against assets. An USAID-created training institute is now delivering professional banking courses. Polish brokers have now formed an Over-the-Counter market which will provide an alternative to the Warsaw Stock Exchange. With USAID assistance, an institution is building corporate finance capabilities in Polish banks. On the municipal level, USAID supported, independent local cooperative banks show strong operating improvements.

The U.S. will continue to strengthen the ability of Poland's central bank to carry out its bank supervision responsibilities. New initiatives are creating a legal and regulatory framework and

Russia

Strategic Objective:
Sound fiscal policies and fiscal management practices: During FY 1998, USAID will, in concert with the U.S. Treasury, play a strong supporting role in fiscal reform in Russia. Most observers agree that without drastic improvements in transparency, fairness, and efficiency of Russia's tax code, growth-stimulating investment -- either domestic or external-- will continue to be con-strained. Interventions in this area are necessary elements of a new Russian-American initiative, focusing on the enabling environment for trade and investment. In conjunction with other U.S. agencies, USAID will implement a new trade and investment program to promote economic partner-ships between the United States and Russia.

Strategic Objective:
Accelerated development and growth of private enterprises. Support for business development will encompass legal and regulatory reform, client assistance for business activities through supporting organizations, and continued equity and debt financing actions of The U.S.-Russia Investment Fund . Privatized firms are still highly inefficient and often not competitive either on local or world markets. New entrepreneurs require informational and training support. USAID will consolidate its client-focused business efforts, particularly targeting U.S. business, volunteer assistance to business support organizations and financing instruments to selected regions.

Strategic Goal: Economic Growth, Focusing on Trade and Investment. An expansion of external trade and increased ability to attract both domestic and foreign investment are key elements in turning around the current negative growth in output and employment in the Russian economy. While Russia's potential as an object of U.S. investor interest has improved markedly, it remains limited due to several factors that raise investor risk: unclear political conditions; absence of an enforced, transparent legal and regulatory framework, including crippling tax laws; an unfavorable macroeconomic situation (inflation, monetary instability, etc.); a perception of runaway crime and corruption in the Russian business sector; a variety of infrastructural inadequacies (tele-communications, transport); and, perhaps most importantly, a dearth of potentially profitable enterprises in which there is a possibility to invest. These same factors also inhibit domestic investment.

Strategic Objective: A more competitive and market-responsive financial sector: USAID's work in the financial sector during FY 1998 will begin to phase down while other assistance providers --whose support for capital markets work USAID has "leveraged" (e.g. the World Bank)-- will become firmly engaged. USAID's plans are to focus on support to the Central Bank of Russia and the legislature, in support of banking supervision activities and legislation related to the banking sector. While USAID's funding for energy sector restructuring in Russia will also decline, beginning in FY 1997, some additional support may be provided in support of a regional investment initiative, since electric power generation and distribution investments are likely to be attractive once competitive wholesale markets for power are established.

Lack of transparen enforceability in th laws and regulation economic activity ; property ownership cited by would-be ; binding constraint. be combining its el area with its suppo legal and judicial r interventions also ; assist Russia in red debilitating effects corruption on the b investment climate

Armenia

The USAID-funded Center for Economic Policy Research and Analysis was established to provide technical assistance and training to better enable policy makers to formulate economic policies based on accurate measurement of key macroeconomic indicators and projected impacts of alternative policies. The Center's most important task is advising on accession to the WTO.

USAID is developing a service to legally register property, convey title and record property values based on market prices. In FY 1998, work will continue to facilitate the development of a real estate market based upon supply and demand, titles and their transferability. USAID will continue to assist local government to install and operate modern financial and budgeting systems.

Technical assistance in the fiscal sector will enhance national budget and tax administration, property tax administration, and government securities management to improve preparation and administration of national budgets and achieve a more effective and fairly administered system of personal, property, and commercial tax codes. The government securities program is providing a non-

During FY 1998, prior assistance in the banking sector should result in stronger, market-oriented central bank and commercial bank operations, ensuring that monetary and fiscal policies already in place are implemented effectively. Assistance, as necessary, will continue.

A key to financial sector reform will be adoption of an internationally accepted accounting and financial reporting system. With continuing USAID assistance, the new system, standards, and practices will be implemented in commercial banks and selected enterprises, both state-owned and private. Laws establishing internationally accepted accounting procedures and policies will be enacted. Reference and training materials are being developed; accounting trainers and advisors to be involved in the conversion to the new accounting system are being trained.

Before the accounting conversion gets underway, USAID has embarked upon a program to train bankers, both in the commercial banks and the Central Bank. The focus of this training will be portfolio management including credit analysis, asset and debt management, and international accounting standards; all designed to strengthen prudential relationships between the Central Bank and commercial banking sector, plus the development of sound lending procedures and systems of loan recovery.

USAID's most important initiative toward creating capital markets is the establishment of the market for Treasury Bills. In

The Center will also develop the civil code legislation to support enterprise, and provide for lawyers, judges and persons in adjudicating commercial disputes.

Central Asia: Kazakhstan

USAID played a central role in developing Kazakhstan's new tax code. Considerable work is also being done to improve the budget planning and implementation process. Effective implementation of these new policies is needed in order to ensure their ultimate success. Key activities include providing technical advisors and training in modern tax administration procedures. Programs aimed at ensuring more rational and transparent ways to raise revenues and allocate funds among the various levels of government is also planned.

As privatization programs, implemented with USAID assistance, wind down, greater emphasis needs to be placed on deepening the capital markets and broad-ening the legal reforms needed to ensure that newly privatized firms grow and prosper.

Given US interests and the fact that Kazakhstan's own future growth hinges on energy development, USAID has supported legal and regulatory reform in the power sub-sector. This work has been extended to the petroleum industry as well. Effective implementation of the recent policy reforms in the power sector is needed to ensure ultimate success, and further support for legal and regulatory reform in the petroleum sector is required. The latter includes establishment of an independent oil and gas regulatory agency; tax rules that support production sharing agreements; a simplified and rational licensing regime; and environment-ally sustainable rules and regulations governing petroleum exploration, processing and transport.

Dealing with bureaucratic obstacles related to trade and investment concerns also figure prominently in the work being undertaken, with a view toward assuring the economic climate in Kazakhstan is attractive to both local and foreign investors. Private economic actors must know the rules of the game; at the outset, and potential new investors have to be sure beforehand that they can confidently analyze risks involved in a new venture. Also, greater transparency is essential to counter corruption and ensure a level playing field for all private sector actors. In this regard, USAID-supported work in introducing modern accounting standards, improving financial management and offering judicial training to those involved in administering commercial codes are important tools for addressing the crime and corruption issue.

In a market economy, strong financial markets are needed to ensure that capital is channeled into areas of highest economic return. Initial USAID activity helped found Central Asia's first stock market in Almaty as well as an independent securities exchange commission to regulate it. Other steps underway include expanding the size and scope of the stock exchange and ensuring that Kazakstani counterparts are effectively equipped with the skills needed to manage a modern financial sector, including adoption of modern Western accounting practices. As with fiscal and commercial environments, a strong financial sector is crucial for attracting the kind of trade and investment needed to ensure sustainable, long-term commercial relationships in the international marketplace.

Central Asia: Kyrgyzstan

Economic restructuring will move through three stages: (1) primary focus on short-term economic stabilization measures designed to bring government spending and inflation under control; (2) support for privatization of small- and medium-sized enterprises; and (3) establishment of financial markets and development of an appropriate legal infra-structure for commercial activities. The first two stages will be completed during FY1997. In FY 1998, USAID will deepen support to the third stage.

Progress has been made on the fiscal front. However, further work is needed to ensure that the macroeconomic progress achieved is maintained. Many of the early successes are attributable to very tight short-term fiscal management policies, including a drastic reduction in subsidies for both failed enterprises and the social sector. While budgetary controls have been tight, revenue generation reforms have lagged. The introduction of the new tax code should help, resulting in a more rational and transparent approach to tax collections. This in turn needs to be followed by improvements in tax administration, including greater use of computers and the introduction of a taxpayer information

USAID-funded advisors are also helping to support Kyrgyzstan's application to join the World Trade Organization. Kyrgyzstan's WTO application documents have been praised as a model for those of other NIS countries, and the application process itself provides an important impetus for engaging with Kyrgyzstan on a wide range of trade and investment issues.

Systems need to be introduced to channel scarce capital into areas of highest economic return. USAID policy advice, technical skills and training are all important to help develop the main institutions and features of an effective financial market, including the Kyrgyz Stock Exchange, National Securities Commission, private investment funds and private broker and dealer groups. Specifications for the clearing and settlement of transactions were established. A USAID-funded Treasury advisor is working on government securities and dealing with debt issues.

Future goals including promoting a self-sufficient securities market; assistance for a variety of automated accounting, settlement and depository systems; assistance to the NSC to enforce securities law and regulations and to train staff about regulations and various operations; and completion of a broker/dealer compliance manual. In time, the emergence of efficient capital markets should help attract foreign investment into the Kyrgyz economy.

The legal and regulatory environment is emerging within Kyrgyzstan's program. Private actors must know the game. Some elements of policy, legal and regulatory framework that support competition and private growth are already in place. Important work is needed to train the judiciary, attorneys about commercial law, with a view to ensuring transparency, minimizing corruption, protecting the rights of entrepreneurs, and ensuring that government and other bureaucratic actions are justified. Strengthening the independence of the judiciary is a priority. A legal and regulatory initiative began in 1995. The emphasis is on clarifying and strengthening property ownership, transfer of commercial transaction rights, measures, newly private industries will flourish, entrepreneurs are entering the marketplace. Kyrgyzstan's isolation of easily exploitable resources, its legal environment will develop prospects for future growth.

Ukraine

USAID is assisting Ukraine in privatizing enterprises, land and housing; creating capital markets; developing macro-economic and monetary policies; reforming financial and fiscal systems; developing sound commercial law; restructuring the energy sector; fostering new business development and investment; and reinvigorating agriculture. A significant start has been made in fiscal reform. A national training center for tax collection officials has been established; a budget policy and macroeconomic analysis unit has been created; monthly budget reports on major revenue and expenditure items are issued and widely circulated; electronic databases have been established and are being used in the government budgetary process; and an inter-governmental fiscal model has been developed for use in analyzing different revenue and expenditure arrangements between central and local governments.

In the future, USAID will focus on tax legislation, taxpayer assistance, and tax law enforcement; further development of databases and models for budget preparation, analysis and

A reformed agriculture sector is critical to the success of Ukraine's new market economy. USAID supports U.S. private sector investment in Ukraine's agricultural production, marketing and input supply via farm service centers created through partnerships between Ukrainian and U.S. concerns. These centers, provide private, profit-oriented alternatives to the old system of state monopolies. Even more importantly, they have introduced a new model of doing business. To address other important constraints to increased agriculture production, USAID is also assisting Ukraine in the privatization of collective and state-owned farms and in increasing capital for investment.

Progress in implementing mass privatization has picked up considerably, with new share packages in over 400 enterprises offered each month. The challenges for the future involve continuing the momentum until the process is complete, including the agro-industrial sector; encouraging citizens to pick up and use compensation certificates; and ensuring that the share registrar process devolves to a private, independent function.

Energy sector reform is critical to achieving macroeconomic objectives. Power sector reform is well along, coal reform is starting, and oil and gas reform is needed. With USAID assistance, Ukraine's thermal power sector has been transformed from monopolies to a decentralized, competitive system.

USAID's assistance for the new system focuses on joint stock generating companies, electricity supply companies and an energy market regulator. The wholesale energy market will give generators strong incentives to reduce costs, improve performance and reduce prices. For the future, USAID will focus assistance on commercializing the generation and distribution companies

Capital market infrastructure development is being sequenced to reflect the needs of the market. To date, USAID has supported the development of a strategy for the long-term evolution of capital markets, a self-regulating organization of independent registrars, a securities commission and an over-the-counter trading system. In addition, under USAID auspices, directors of private enterprises have received training on the principles of shareholder rights. The next steps involve strengthening the securities commission as the sole regulatory authority, the establishment of a stronger legal requirement for the use of independent share registrars, and the institution of depository, clearing and settlement and transfer agent functions.

With USAID support, the National Bank of Ukraine has moved forward in developing the infrastructure for a safe and sound banking sector. With recently developed guidelines, Ukrainian bank inspectors are beginning to examine banks systematically. An off-site early warning system will soon be functional, as will a new organizational unit to systematically deal with problem banks. The bankers training center has trained more than 2,000 bankers. An innovative train-the-trainers program has begun. Hardware and software for an electronic funds payment system was funded by USAID. Work in the coming year will focus on the development of capacity to analyze and monitor risk and enforce prudent regulations; revision of banking law and regulations; and the development of a system for government

USAID has supported development of the regulatory framework for privatization and land creation. The Ukrainian hold land auctions establish a routine process. A national registration system approved, and legislation expected to be enacted. GOU is expected to privatize land on enterprises and corporations are located, and a land system will be designed. Procedures for agricultural privatization will be throughout Ukraine mortgage procedure developed, tested and

USAID's housing program encourages ownership of housing improves the delivery maintenance and services. Assistance work on national projects as well as local projects demonstrate ways to reform. The challenge in the future is to increase housing privatization through the enactment of estate tax law.

USAID has helped make some progress adoption of international accounting standards formation of self-regulating organizations among groups, as well as anti-monopoly enforcement developing a functional bankruptcy system Ukrainian customs WTO standards. I continue to work to develop a civil code bankruptcy system

Georgia

The new Center for Economic Policy Analysis and Reform will monitor the performance of the economy, identify policy and institutional constraints which impede private sector growth, and identify opportunities for market-driven development. The Center will conduct applied economic analyses to identify key policy options. Its medium-term work program focuses on Georgia's accession to the WTO and helping launch an anti-monopoly service. Legal assistance will be available to institutions and policy makers responsible for organizing, drafting, and enacting economic laws to stimulate private sector growth and exports.

USAID will continue to assist in national budget formulation, including a review and implementation process. Expected results would be an improved and transparent system of annual budgeting and revenue and expenditure reporting which will lead to greater efficiency in the targeting of public expenditure and a reduction in the budget deficit. In FY 1997, the US Treasury and USAID will initiate a debt management program and help establish a financial market for Georgian Treasury bills. Such a

USAID's priorities for the energy sector are to: (a) create a climate that will attract private sector participation and ownership, with subsequent improvements in the management of resources and provision of services; and (b) improve the efficiency of the sector in economic terms, with subsequent increases in capital and operating resources. USAID resources will be used in several key ways. First, activities will support the restructuring and organization of corporate enterprises in the electric power and oil and gas subsectors, including legislative and regulatory reform to promote private sector participation. Second, assistance will be used to strengthen the commercial operations of newly-created energy sector entities. Third, other activities will mobilize financing for selected energy projects to rehabilitate the energy infrastructure and reinforce the reform process.

USAID has developed a comprehensive program to make the National Bank of Georgia the common platform of an electronic, real time payment system for both domestic and international transactions. The system will be fully integrated with the NBG's electronic accounting system. Hardware, software and technical assistance will be provided while commercial banks finance their own connection. USAID is also financing an NBG and commercial banker's training program featuring short courses and advisory assistance in credit analysis, asset and liability management, banking operations and international accounting standards.

Romania

In past years, USAID helped the Romanian Government consolidate its national accounts and thus keep track of its funds flow, enabling greater control over revenues and expenditures. Likewise, US Government securities advisors focused on the legal framework and development of the primary market approaches to debt management. USAID assists the Government to improve its implementation of public finance laws.

As a complement to the Capital Markets Program, USAID will support economic reform efforts, in general, and will specifically support plans to consolidate disjointed privatization efforts. Activities will support privatization and restructuring by alleviating the strain on the fiscal deficit caused by continued subsidization of inefficient state-owned enterprises.

As part of Romania's efforts to promote a competitive, market-oriented private financial sector, USAID supported a series of broad market reform initiatives, including legal initiatives and capital market reforms. These efforts provided market infrastructure for the new shares created in companies participating in the Romanian Mass Privatization Program. Specifically, USAID undertook the development of: an OTC market for the trading of newly issued MPP securities; a depository and clearance corporation; a central shareholder registry; telecommunications linkages; broker-dealer training; self regulatory organizations for both broker-dealers and investment companies; creation of new investment companies; a securities analysts training program; and assistance to the Romanian securities commission.

USAID's strategy in FY 1998 calls for continued technical assistance through the Capital Markets Program to solidify growth of the OTC market, promote market development and further regulatory implementation. USAID will also promote a safe and sound banking sector.

Albania

Agriculture dominates the Albanian economy. A major proportion of USAID's assistance focuses on this sector. Efforts supported increases in agricultural production by assisting suppliers to obtain credit and vital imported inputs that can't be produced locally. A USAID-supported agricultural input dealers association and a national farmers' association successfully lobbied for reducing a turnover tax on fertilizer. With USAID's assistance, the land is in private hands. Land registration offices are now open, certificates which legally recognize land holdings have been issued, and final property titles have been issued. A law allowing for the buying and selling of agricultural land has been passed and will soon be implemented. This will allow for consolidation of fragmented parcels into economically viable holdings. Private forestry development assistance addresses a critical resource need through agroforestry development on private farm lands, development of small enterprise nurseries, seedling development and processing, and a stronger private forestry extension capacity.

USAID's support includes assistance in privatization of the state banks, to the Central Bank in bank supervision and bank licensing and to both institutions in setting up the Share Registry for the stock exchange. As a result, a new Chart of Accounts for banks is being adopted, new private banks -- foreign and domestic -- are being considered for licenses, the ability of the central bank to undertake on-site bank examinations has been increased, and citizens can now register the shares in companies they received as part of the voucher privatization, thereby significantly reducing the potential for fraud and abuse in the privatization and capital market formation processes.

Bolivia

USAID is supporting expanded economic opportunity and access through national programs to expand microfinancial services, promote nontraditional exports, expand the domestic markets, strengthen the financial sector, and assist policy reform.

Dominican Republic

Following the 1996 elections, USAID shifted its economic policy reform approach from an almost exclusive focus on consensus building through NGOs to one which includes direct policy dialogue with the new administration. This results from the administration's commitment to protecting economic stability, eliminating corruption, and increasing social expenditures. USAID has already begun assisting the GOADR to analyze its precarious fiscal situation and expects to assist in improving the efficiency of public expenditure allocations as well.

Ecuador

USAID's aims to: (1) increase competitiveness of the economy in which emphasis is placed upon low-income groups; and (2) expand opportunities and participation by low-income groups in a growing market economy. USAID supports policy reform that has led to increased efficiency and competitiveness of the economy through more efficient investment in people, accession to free trade areas in the Americas, and macro-economic and structural adjustment. USAID has also encouraged expanded participation by low income groups in the market economy through increased access to financial services by microentrepreneurs, access for low-income groups to housing solutions, and related infrastructure and services, and opportunities for low-income groups to receive donor financing for productive activities and social infrastructure. Through policy dialogue USAID also helped move the government and civil society toward adoption of specific reforms related to education, financial and capital markets, privatization, intellectual property rights, and land tenancy.

With USAID support, Ecuador is now a member of the World Trade Organization and is moving to create the environment for accession to free trade areas in the Americas.

El Salvador

USAID in recent years has provided policy-based cash transfer assistance to El Salvador to efforts to modernize the state, restore macroeconomic stability and pursue higher rates of growth. At the same time, USAID policy dialogue and technical assistance emphasized efforts to spread the benefits of growth to include the poor. USAID projects have complemented policy reform, in giving urban and rural poor households better access to credit, technology, training and basic education, to help raise their incomes.

The peace process and ambitious economic and social reforms consolidated during the 1990s have improved the availability and quality of basic education, raised incomes and reduced unemployment. The chief beneficiaries, however, have been the urban poor. Poverty is higher in rural areas, and traditional sources of rural income such as agriculture are stagnating. Thus USAID seeks to expand opportunity for the rural poor. USAID is now directing its programs to expand access to financial services, markets, education and infrastructure for rural households so that they may better participate in the strengthened Salvadoran economy. Policy reforms will emphasize greater availability of public services such as education and infrastructure for the rural poor, and adoption of market-based policies that serve to multiply economic opportunities in rural areas. Complementing policy reform will be activities that invest in institutions and service providers working with the rural poor, with the objective of expanding household income. For example, USAID will work with NGOs to amplify access to credit and secure savings, and to technology and marketing services.

Guatemala	<p>USAID activities with the Ministries of Labor, Economics and Finance have established a partner-ship through which limited technical assistance was provided to upgrade the Guatemalan tax system, cited as a primary target for reform.</p>	<p>USAID-supported on-the-ground productive activities have increased income for small coffee producers with improvements in both the quality and quantity of product.</p>	<p>USAID's major emphasis has been on helping Guatemala strengthen its trade policy regime and improve labor relations through grants to both the public and private sector.</p>			
Haiti	<p>Various activities under the economic growth area have been consolidated into two initiatives supported by three funding mechanisms. The first is the program for the recovery of the economy in transition (PRET) supplemented by funds from the Policy and Administrative Reform Project to address the private sector enabling environment and financial intermediation.</p> <p>The goal of these initiatives is to substantially increase employment and income earning opportunities available to Haitians, while increasing policy making capacity.</p> <p>Assistance to the Presidential Commission on Modernization resulted in the development of policy recommendations on commercial codes, tourism, and banking practices; allowing USAID to help in the elaboration of the economic policies of the Préval administration.</p>	<p>The second economic growth initiative is the agriculturally sustainable systems and environmental transformation (ASSET) program, building upon the existing Productive Land Use Systems and Food Security Project efforts to address natural resource management and environmental constraints.</p> <p>Increased commercial bank lending in productive activities in the agricultural sector through a credit guarantee program has already resulted in thousands of new jobs for unemployed Haitian agricultural workers, primarily in the mango and horticultural industries.</p>	<p>USAID will continue to help the GOH to divest itself of inefficient parastatals. Diagnostic analyses will lead to the privatization of nine government-owned parastatals. Although delayed, the GOH is poised to move forward on privatization.</p>	<p>USAID will develop niche export markets, such as the handicrafts and coffee sector.</p>	<p>USAID will help non-bank credit institutions and Haiti's leading commercial banks provide credit to businesses previously considered too small to be "creditworthy". USAID has also helped draft banking codes.</p>	<p>USAID will help so through Parliament national investment commercial codes has already helped</p>

Honduras

USAID's economic growth objective is to reduce the incidence of poverty and stimulate economic growth by opening the economy and providing opportunities to the vast majority of Hondurans who currently are living in poverty. USAID-supported programs are improving the access and opportunities of low-income Hondurans to resources that increase their productivity and income. The policy analysis and implementation program is achieving agricultural price, trade, and land-tenure policies critical to increased incomes and investment. The small farmer export development program transfers production technology and marketing skills to small farmers. Microenterprises, small farmers, and small businesses are receiving improved financial services from agricultural cooperatives, farmer-owned enterprises, and a network of NGOs under the USAID small farmer agribusiness and small business programs.

USAID maintained the movement toward liberalized trade and price policies. As a result, during the past year, investment in agriculture increased by 27% and total employment by 4.1%.

Jamaica

USAID seeks to increase opportunities for poor working-age members of the population, and to raise the productivity of other underemployed Jamaicans. These efforts will target the foreign exchange-earning export and service areas, including small business and microenterprises. To ensure growth in these private sector-led areas, USAID will continue to support activities that foster foreign and domestic investment. USAID will also support Jamaica's transition to the Free Trade Area of the Americas (FTAA) and the use of information technology in the widest gamut of growth activities.

USAID will support the Ministry of Finance Fiscal Policy Management Unit aimed at consolidating and strengthening the macro-economic measures under-taken with the IMF structural adjustment program.

USAID established a self-financing preclearance program which has facilitated the export of 75,000 tons of agricultural exports bound for the US market since 1992. Responsibility for the program, including costs for USDA inspectors, was assumed by the Jamaica Exporters' Association.

USAID support includes provision of technical assistance and training to the Jamaican public and private sectors, as well as NGOs to implement privatization.

Jamaican exporters now have access to marketing information through the Internet as a result of USAID's Small Business Export Development initiatives. Reciprocally, the Jamaica Exporters' Association's home page gives worldwide access to information on the Jamaican market.

USAID will provide selected technical interventions to remove impediments to NAFTA and FTAA.

Nicaragua

USAID seeks to foster increased employment and income by encouraging the transition to an open, free-enterprise, export-oriented economy and the inclusion of small producers in the expanding economy. USAID's early emphasis on stabilization and structural adjustment, coupled with initiatives to stimulate growth, particularly agriculture and small business, have impacted on Nicaragua.

The government must keep the stabilization and structural adjustment policy framework in place and get back on track with the Enhanced Structural Adjustment Facility to show that it is serious about growing and opening the economy. USAID will rely heavily on the IMF and World Bank to push these reforms but will tackle key policy matters where it has a comparative advantage, e.g., tax reform, agriculture and impediments to trade.

The program will increase emphasis on agriculture and small business development to better meet internal and external demands. Support for small farmers will engage private producer associations as a channel to access credit, technology, marketing and land titling services. The program will increase small farmer ties to foreign markets to take advantage of special interest items like organic products.

USAID will work on and regulatory framework currently inhibits foreign domestic private investment. Efforts to improve functioning of the judicial system will have additional impact on assuring equitable resolution of property disputes. In this regard, resolution of property disputes remain a high priority support. The US is resolve property cases (including U.S. accelerating administrative procedures.

Panama

USAID seeks to prepare for a seamless transition of the Panama Canal to Panamanian ownership, control and operation, and to offset the loss of jobs and income resulting from the closure of US military bases. In order to assist Panama, USAID focuses on the institutional strengthening of the Transition Commission and Interoceanic Regional Authority, and on the public policies and regulations that impact private sector investment.

USAID encouraged the private sector's partnership with the GOP in a fair and transparent reversion process, through improvements to the business climate, particularly as they relate to the Canal and reverted areas.

In FY 1988, short-term technical assistance will strengthen financial management, including budgeting, accounting, procurement and auditing. Long-term technical assistance is anticipated for labor relations, insurance and risk management, and a documentation and translation center.

An incentive law for development in the and another law for procedures for business has been produced

An NGO is working with the Government of Panama to revitalize the public operating regulatory intellectual property law, draft legislative legal security/stability measures, and a framework for the securities market

Peru

USAID's objective is to provide access of the poor to income-generating opportunities which will reduce poverty and improve food security. USAID supports programs to address root causes of poverty by focusing on: (1) improved policies, (2) increased market access, (3) improved capacity of the extremely poor, (4) strengthened organizational outreach, and (5) increased production productivity. Specific actions will: improve financial institutions for the poor; strengthen local non-governmental and development institutions; develop and disseminate appropriate production technologies and inputs; improve market knowledge and organization; improve nutrition; develop infrastructure; and improve sectoral policies, especially related to market-ing, trade, finance, and public revenues and expenditures. USAID-funded studies have resulted in an improved policy environment for small and micro businesses.

Funding is being provided by USAID to analyze and improve the policy and regulatory framework to support increased participation by the poor in the market. A number of USAID studies have resulted in an enabling policy environment. For example, a study on subcontracting has facilitated the legal environment to permit small and micro-enterprises to subcontract their jobbing services to larger firms who have market access. Support provided influenced development of the GOP's anti-poverty initiative and helped focus on social investment resources on the extremely poor.

Guyana

The USAID program to improve the business environment stresses increasing private sector investment in productive sectors, better macro-economic analysis and planning, and improved public resource management. Major activities planned include an investor's guide, an investment code, installation of a management information system, and the institutional strengthening of selected private sector business organizations and NGOs which contribute to economic development. Additionally, ministry personnel will receive training in data collection, compilation, and analysis, and assistance will be provided to restructure two ministries to increase productivity.

Central American Regional

Energy and telecommunications regulatory frameworks. USAID is aiding Central American governments in the design and development of more open and competitive telecom-munication and energy regimes which encourage private participation.

USAID seeks to increase Central America's preparedness to enter into free trade agreements and accelerate the region's integration into hemi-spheric markets. At the Summit of the Americas in December 1994, greater hemispheric prosperity through open markets, hemispheric integration and sustainable development were agreed upon. The Declaration of Principles and Action Plan pledges to establish the Free Trade Area of the Americas (FTAA) by 2005. Reflecting this, the Action Plan pledged that technical assistance will be provided.

USAID supports this commitment, providing technical assistance, training and research in support of Central America's efforts to reform its regional trade regime. This assistance has contributed to the adoption by Central America of a more outward-oriented regional integration model characterized by lower external tariffs, accelerated implementation of WTO commitments, and reductions in both intra- and extra-regional nontariff trade barriers. Central American countries have increased their participation in the FTAA process.

USAID is supporting Central American measures to further liberalize both intra- and extra-regional trade. Activities focus on critical non-tariff barriers and emphasize making regional legislation consistent with standards. Technical experts also assist and enhance Central American participation in the Summit of the Americas FTAA working groups.

USAID assists the region to improve dispute resolution procedures, eliminate policy constraints to increased regional

USAID supports Central American efforts to Intellectual Property policies and enhance capabilities through development of intellectual property American conventions, (b) in public's awareness importance of adequate protection to investment technology transfer sustainable development support for Central efforts to build regional consensus IPR policy change; technical training to trademark and copyright officials.

USAID contributes to strengthening the internationally-recognized workers rights through and simplifying labor and upgrading the enforcement capabilities Regional workshops seminars emphasize relation between in and better wages, a levels of competitiveness productivity requirements in hemispheric market worker rights and the relationship to trade and (c) models of management cooperation contribute to both in productivity and human

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ATTACHMENT B: USAID TRADE AND INVESTMENT REFORM AGENDA⁵⁴

Sectors	Trade and Investment
Examples of sector policies	tariffs, other barriers to trade, investment codes
AFRICA	
Ghana	The Trade and Investment Reform Program is a five-year activity to enhance Ghana's potential to earn needed foreign exchange and compete internationally. The Program supports policy reforms, technical assistance and training to improve the investment environment and technical capacity of Ghanaian enterprises. First, the program focuses on eliminating and revising regulations that adversely impact on Ghana's international competitiveness in sectors that have the potential to contribute to exports such as textiles and wood products, telecommunications and financial services. Second, technical assistance and training will help firms working throughout the export production and marketing chain to improve their managerial and operational skills as well as their ability to identify and penetrate viable markets. Third, the program will enhance the sustainability of efforts now underway in Ghana's Central Region to support economic growth and generate tourism revenues.
East & Southern Africa Region	The objective of the Regional Trade Analytical Agenda is to identify the impact of evolving trade and agricultural policies on agricultural productivity and food security in the region. The information generated is being used to inform policy makers and encourage the appropriate policy responses to achieve stated national and regional objectives concerning trade, agricultural production and food security. A process has been established which allows these activities to move "from policy analysis to policy implementation and builds the capacity of African decision-makers to develop, implement and disseminate their results related to regional trade. There are a number of examples of accomplishments to date. First, Malawi has sanctioned the free movement of maize both in-country and cross-borders. Second, Uganda has informal trade as its cornerstones. Third, the East African Cooperation Secretariat has adopted recommendations from the Cost of Transport Analyses and has identified a pressure group for reforms. Fourth, the Southern African Comparative Advantage study are being used to formulate a regional food security strategy which will be put forward to the 1997 SADC Ministerial Conference. Fifth, Ethiopia requested that one component of the Agenda, the East African Cost of Transport Analyses, be extended to include the northern tier countries of the Horn of Africa. Sixth, TRADE-NET, connecting the SADC Trade Ministries with their secretariat has allowed USAID to fulfill the terms of a 1995 Memorandum of Understanding signed by Vice President Gore.
Southern Africa Region	A Southern Africa Trade Protocol was recently signed to establish a free trade area by the year 2004. USAID is supporting its implementation through the Regional Policy and Implementation Activity. USAID provided technical assistance to enable the region to review and refine its Trade Protocol, and USAID's Regional Policy Dialogue is now supporting efforts to implement the Protocol. One of the first tasks will be to bring together key members of the region's private and public sectors to discuss the details and decide how best to implement it. Assistance on several key issues that are defined by this group will follow.
Sahel Region	The Livestock Action Plan is an example of a specific trade barrier reduction activity. The Livestock Action Plan provides policy analysis and facilitates dialogue on livestock policy and regulatory issues, as well as a forum for negotiation. A combination of government and private sector individuals have worked together successfully to eliminate and informal constraints to livestock trade.
ASIA AND NEAR EAST	

Indonesia

USAID seeks to sustain liberalization of international trade and domestic competition for the mutual benefit of Indonesia and the US. USAID's specific outcomes are: policies and practices that promote openness to international trade and investment; Improved policies and practices to promote strengthened domestic economic com Strongened relationships between US and Indonesian private and public partners which emphasize sustainable, mutually beneficial linkages between the two countri

This is a narrowing of USAID's strategic priorities to focus more closely on areas which link strong Indonesian economic growth to US trade and investment inter anticipation of the completion of USAID's work in this field by FY 2001, USAID will emphasize linkages between partners in both countries with mutual interest in strong, open international trade policies and an improved domestic competitive environment.

USAID's support for improve-ments in the international trade environment yielded significant results over the past year. Technical experts advised their Indonesian on the steps necessary to meet commitments within international fora such as APEC and the WTO. Understanding has improved the new international regulatory envi its implications for such sensitive topics as protection of intellectual property and anti-dumping measures. USAID assistance has provided a strong economic foundat deregulation of the soybean industry and the fisheries industry; the former playing a role in soybean imports from the US. Indonesia has retained its strong proactive le in APEC and other Asian trade fora.

The Partnership for Economic Growth is being established to strengthen and develop linkages between institutions and constituencies in the US and Indonesia w interests in key economic problems. The objective is to promote and support such linkages and alliances so that there is sufficient interest by both parties to pursue th support of the current economic paradigm even after US government assistance has ended.

The Philippines

USAID's economic growth strategic objectives are: Broad-based economic growth in Mindanao; and Improved national systems for trade and investment.

At the national level, local public policy groups supported by the US continue to break down many long-established trade and investment barriers. The US provides research and coalition-building, which lead, in turn, to further improvements in trade, investment, and finance policies. This is expect-ed to create expanded opportuni businesses. Indeed US support has been critical to the creation of many of the Philippines' forward-thinking business coalitions.

The US will pursue additional trade and investment liberalization and promotion programs including those beyond the WTO agreement and in the context of the A initiatives. USAID will implement these activities toward accelerating new markets and expanding investment options for US business to take full advantage of oppor areas including environmental protection; BOT activities in power, transportation, water supply and solid waste management; telecommunications and information t and in the fishing, trucking and shipping, agribusiness and infrastructure sectors in Mindanao.

Egypt

One of USAID's major objectives is to help the Egyptians develop export opportunities. To accomplish this, USAID is assisting Egypt with trade liberalization measure activities supporting export develop-ment include technical support for private non-governmental organi-zations (NGOs). These organizations serve as private sector ad encourage removal of policy and regulatory obstacles to export expansion.

Over the next year, USAID will promote key GOE reforms to strengthen the financial sector, promote trade liberalization through continued reduction in tariffs and oth import/export barriers, and foster growth in the Egyptian private sector.

Jordan

USAID's objective will be to gener-ate private sector-led employment opportunities and increase incomes in Jordan. To more equitably spread the benefits of Jordan's r economic growth, this activity is being designed to overcome problems of access to credit by a focused range of private-sector borrowers, enhance the productivity of medium-size enterprises, and facilitate increased private-sector investment in Jordan. USAID is developing a strategy to achieve its private sector-led employment and generation objectives which Wash-ington will evaluate during the Spring 1997. In developing the new objective, USAID will consider the place of limited on-going, sector focused activities presently being financed by USAID, such as micro-enterprise finance support, export credit guarantee programs and investment promotion ac

EUROPE /NIS

Lithuania

The other important area for private sector growth will be effective trade policy development which will increase market assets. Assistance in this area will concentrate ing trade policy development skills within the Government. Together with EU assistance on preparation work for EU membership as well as on entry into regional trad this will lead to improved market access for private business and therefore will stimulate businesses to grow.

Russia	<p>Strategic Goal: Economic Growth, Focusing on Trade and Investment.</p> <p>An expansion of external trade and increased ability to attract both domestic and foreign investment are key elements in turning around the current negative growth in output and employment in the Russian economy. While Russia's potential as an object of U.S. investment improved markedly, it remains limited due to several factors that raise investor risk: unclear political conditions; absence of an enforced, transparent legal and regulatory framework, including crippling tax laws; an unfavorable macroeconomic situation (inflation, monetary instability, etc.); a perception of runaway crime and corruption in the business sector; a variety of infrastructural inadequacies (tele-communications, transport); and, perhaps most importantly, a dearth of potentially profitable enterprises where there is a possibility to invest. These same factors also inhibit domestic investment.</p>
Central Asia: Kazakhstan	<p>Dealing with bureaucratic obstacles related to trade and investment concerns also figure prominently in the work being undertaken, with a view toward assuring the economic climate in Kazakhstan is attractive to both local and foreign investors. Private economic actors must understand the rules of the game; at the outset, and potential new investors have to be sure beforehand that they can confidently analyze risks involved in a new venture. Also, greater transparency is essential to counter corruption and ensure a level playing field for all private sector actors. In this regard, USAID-supported work in introducing modern standards, improving financial management and offering judicial training to those involved in administering commercial codes are important tools for addressing the corruption issue.</p>
Central Asia: Kyrgyzstan	<p>USAID-funded advisors are also helping to support Kyrgyzstan's application to join the World Trade Organization. Kyrgyzstan's WTO application documents have been praised as a model for those of other NIS countries, and the application process itself provides an important impetus for engaging with Kyrgyzstan on a wide range of trade and investment issues.</p>
LATIN AMERICA AND Ecuador	<p>CARIBBEAN</p> <p>With USAID support, Ecuador is now a member of the World Trade Organization and is moving to create the environment for accession to free trade areas in the Americas.</p>
Guatemala	<p>USAID's major emphasis has been on helping Guatemala strengthen its trade policy regime and improve labor relations through grants to both the public and private sectors.</p>
Haiti	<p>USAID will develop niche export markets, such as the handicrafts and coffee sector.</p>
Jamaica	<p>USAID will provide selected technical interventions to remove impediments to NAFTA and FTAA.</p>
Central American Regional	<p>USAID seeks to increase Central America's preparedness to enter into free trade agreements and accelerate the region's integration into hemispheric markets. At the Summit of the Americas in December 1994, greater hemispheric prosperity through open markets, hemispheric integration and sustainable development were agreed upon. The Declaration of Principles and Action Plan pledges to establish the Free Trade Area of the Americas (FTAA) by 2005. Reflecting this, the Action Plan pledged that technical assistance be provided.</p> <p>USAID supports this commitment, providing technical assistance, training and research in support of Central America's efforts to reform its regional trade regime. USAID assistance has contributed to the adoption by Central America of a more outward-oriented regional integration model characterized by lower external tariffs, accelerated implementation of WTO commitments, and reductions in both intra- and extra-regional nontariff trade barriers. Central American countries have increased their participation in the FTAA process.</p> <p>USAID is supporting Central American measures to further liberalize both intra- and extra-regional trade. Activities focus on critical non-tariff barriers and emphasize regional legislation consistent with standards. Technical experts also assist and enhance Central American participation in the Summit of the Americas FTAA working group.</p> <p>USAID assists the region to improve dispute resolution procedures, eliminate policy constraints to increased regional and foreign investment, afford national or most-favored-nation treatment to all investors, and establish international standards for expropriation. USAID's support will facilitate implementation of commitments made by Central American countries in bilateral investment treaties with the US.</p>

ATTACHMENT C: USAID BUSINESS ENVIRONMENT REFORM AGENDA⁵⁵

Sectors	Commerce Laws/Regs/Business Associations
Examples of sector policies	Commercial and Business laws, practices Business associations
AFRICA	
Madagascar	<p>FY 1998 funds will support commercial law reform activities. This activity responds to the desire of the business community to have a judicial system that provides swi treatment. In FY 1997, USAID published legal texts which were unavailable to judges and lawyers, trained Malagasy judges and lawyers in commercial law, and provi assistance in legal reform and court admin-istration. These activities will continue. USAID will promote simple and inexpensive systems, such as arbitration and media resolve commercial disputes.</p> <p>Under the Participation and Poverty activity, USAID is improving the ability of civil society groups to represent the interests of their members in public policy arenas become more active advocates of those interests. USAID assists groups previously excluded from public policy debates. Support is also provided to government speci improve the quality of policy analysis.</p>
Mozambique	Laws pertaining to commercial transactions and national "economic management." need attention. As the GRM seeks to increase the pace of Mozambique's economic process, the weaknesses of the judicial sector will hamper progress, unless the judiciary has the capacity to be independent and effective.
Angola	In 1998, USAID will provide assistance in commercial law reform - particularly legislation to open the economy to quality domestic and foreign investment - to mobil and catalyze capital formation. These efforts will be implemented in conjunction with support to community revitalization and recapitalization to allow the majority of participate in the economic development of their country.
Sahel Region	USAID has also helped establish, and provides limited support to, the West African Enterprise Network (WAEN), a private sector organization in 12 West African cour takes a very practical approach to strengthening the business environment in the region and making business contacts among its members. For example, it has helped o contact between banks across monetary systems to facilitate trade transactions, and it has been designated as the private sector source for dialogue on policy issues in se countries and by the Economic Community of West African States (ECOWAS). The WAEN is now recognized by governments and by bilateral and multilateral donors voice for the private sector in West and Central Africa. USAID will support the Network on its agendas with ECOWAS in reducing tariff and non-tariff barriers in cus transportation across borders, and with the West African Economic and Monetary Union on banking and currency issues.
ASIA AND NEAR EAST	

Based on 1998 Congressional Presentations.

Indonesia	<p>Transparency in the legal and regulatory environment is important both to the strengthening of international trade and investment and in domestic competition. Until most legislation has not been systematically collected nor made easily available to those who need access to it. With USAID assistance, the GOI is placing a large segment of economic law and regulation on CD-ROM in word-searchable format. While still in the demonstration stage, this work holds promise for making Indonesian law in general more accessible to the public than it has been in the past. USAID is also continuing its work to assist the GOI in updating and in some cases creating new legislation in economic law. New Capital Markets and Companies laws have already been passed. Further work has been undertaken to move the review and legislative drafting process for other aspects of economic legislation, including: investment, arbitration, competition, secured transactions and certain aspects of intellectual property law.</p> <p>US technical advisors are helping overhaul governmental policy and practice to facilitate small business development. They are also strengthening the role of private associations for promoting trade and acting as change advocates with government.</p>
Egypt	<p>Much of Egypt's legal, regulatory, judicial, institutional and tax structures are outdated but are being modernized with USAID assistance. The private investment response to progress in macroeconomic reform and liberalization has not been substantial because so many elements that make up a conducive business environment still need to be established. USAID recently began assisting the GOE to modernize and strengthen intellectual property rights concerning patents, trademarks and industrial design. USAID is providing assistance to help Egyptian firms increase their access to market information and technology, improve their competitiveness, strengthen advocacy groups and develop an active securities market. By FY 1997 the operation of a business information highway will link the major business associations in Egypt with businesses around the world, the International Business Exchange and the U.S. Chamber of Commerce.</p>
Morocco	<p>USAID's strategic objective is an expanded base of stakeholders in the economy, targeting people of below median income. In response to changing resource availability, maturation of certain past efforts, and evolving partnerships with other donors, USAID's initiatives recently have been re-focused upon microenterprise finance, small sized enterprise development, export-oriented agribusiness expansion, and urban infrastructure improvements. USAID activities concentrate on ameliorating policy and constraints which generate disincentives, costs and administrative burdens for businesses. The program provides access to credit, and enhances the competitiveness of firms to enable export-led growth and job creation. It also strengthens business associations and NGOs that bring the disadvantaged into the economic mainstream.</p> <p>USAID's policy dialogue has resulted in several important reforms being adopted, elaborated, or undergoing official review, including the opening of a business register, a law for agricultural intellectual property rights (now pending in Parliament), and submission to the Ministry of Finance of a new law easing the legal requirements for non-governmental associations that do micro-lending, and exonerating such associations from certain taxes. Through program efforts, the cost of road transport of agricultural exports has been reduced by 20 percent.</p>
West Bank/Gaza	<p>USAID supports small businesses and the Federation of Palestinian Chambers of Commerce, vocational training, and small business lending. Activities establish industry and credit for microenterprises. USAID technical assistance has been central to preliminary agreements and actions related to the legal and regulatory framework, institutional arrangements. USAID activities help: (1) develop markets for Palestinian goods and services through market information, technical assistance and construction for industry and (2) encourage policies for private sector development.</p>
EUROPE AND NIS Bulgaria	<p>At the policy, legal and regulatory level, assistance is being provided to business associations both as a means of improving membership services and as a means of developing them into sustainable reform advocates which also promote reviews of policies, laws and regulations. USAID recently launched a new initiative called the Implementing Change Program where a long-term resident advisor will work with government, business, private voluntary organizations and NGOs to formulate a policy agenda for SMEs. Conferences have already been sponsored with senior Bulgarian officials, and resulted in a draft SME paper which will influence parliamentary discussions on the final SMEs.</p> <p>The drafting and implementation of key laws which foster competition and private sector growth are also critical to the reform process. In conjunction with the SME consultants will help draft needed legislation and policies, supplementing well-established programs. In the past year, the IRIS Center helped draft a much needed Collateral Law which was adopted in the fall of 1996. IRIS is now working to establish a collateral registry which is critical for borrowers and lenders. USAID has helped train the implementation of the Bankruptcy Law, such as judges and trustees, and the law is being implemented.</p>
Lithuania	<p>The third area of assistance concentration will be on improvement of the legal framework, with focus on the development and implementation of key laws necessary for business growth, strengthening professional skills of judiciary and bar, and the development and implementing of low-cost alternative resolution services.</p>

Russia	Lack of transparency and enforceability in the range of laws and regulations governing economic activity and land and property ownership is frequently cited by would-be investors as a binding constraint. USAID will be combining its efforts in this area with its support for general legal and judicial reforms. These interventions also are designed to help Russia in reducing the debilitating effects of crime and corruption on the business and investment climate.
Armenia	The Center will also provide policy and legal assistance to develop the civil code, enabling legislation to support private enterprise, and provide training for lawyers, judges, and business persons in adjudication of commercial disputes.
Central Asia: Kyrgyzstan	<p>The legal and regulatory environment is emerging as a key issue within Kyrgyzstan's reform program. Private economic actors must know the rules of the game. Some policy, legal and regulatory framework that support competition and private sector growth are already in place. Important work is now underway to train the judiciary attorneys about contract enforcement, with a view toward ensuring transparency, minimizing corruption, protecting the rights of entrepreneurs, and reducing arbitrary licenses and other bureaucratic red tape. Strengthening the independence of the judiciary is also important.</p> <p>A legal and regulatory reform initiative began in November 1995. The emphasis is on clarifying and strengthening property ownership and the transfer of commercial rights. Without such measures, newly privatized industries will flounder and new entrepreneurs are unlikely to enter the marketplace. Given Kyrgyzstan's isolation and easily exploitable natural resources, its legal and regulatory environment will determine prospects for future economic growth.</p>
Ukraine	<p>USAID has supported the development of the legal and regulatory framework for land privatization and land market creation. The Ukraine will now hold land auctions and establish a routine auction process. A national land title and registration system is slated to be approved, and legislation is expected to be enacted. The GOU is expected to begin privatizing land on which enterprises and condominiums are located, and a land taxation system will be designed. Procedures for agricultural land privatization replicated throughout Ukraine, and land mortgage procedures will be developed, tested and adopted.</p> <p>USAID's housing privatization program encourages private ownership of housing units and improves the delivery of maintenance and communal services. Assistance work on national policy issues, as well as local projects to demonstrate ways to carry out reform. The challenge for the future is to increase the rate of housing privatization through the enactment of a real estate tax law.</p> <p>USAID has helped Ukraine make some progress toward adoption of international accounting standards and the formation of self-regulatory organizations among business groups, as well as in improving anti-monopoly enforcement, developing a functioning bankruptcy system, and bringing Ukrainian customs practice to WTO standards. USAID will continue to work with Ukraine to develop a civil code, reshape the bankruptcy system, strengthen the Anti-Monopoly Committee, develop an open trade regime and promote Ukraine's integration into world markets. Ukraine will also be a participant in a new Trade and Investment Facility designed to promote the international links necessary for economic growth.</p>
LATIN AMERICA AND Haiti	<p>CARIBBEAN</p> <p>USAID will help secure passage through Parliament of the national investment and commercial codes which USAID has already helped draft.</p>
Nicaragua	USAID will work on the legal and regulatory framework which currently inhibits foreign and domestic private investment. Efforts to improve the functioning of the judiciary will have additional benefits in assuring equitable treatment to investors. In this regard, resolution of property cases will remain a high priority for USAID support. The assistance will also assist in resolving property confiscation cases (including US citizens) by accelerating administrative procedures.
Panama	<p>An incentive law for tourism development in the reverted areas and another law for streamlining procedures for business licensing has been produced.</p> <p>An NGO is working with the Government of Panama to revitalize the public registry, operating regulations for the new intellectual property rights (IPR) law, draft legislation to guarantee legal security/stability for investments, and a framework law for the securities market.</p>

Central American Regional

USAID supports Central American efforts to strengthen Intellectual Property Rights (IPR) policies and enhance enforcement capabilities through: (a) development of n American conventions on trademark, patent and copyright conventions, (b) increasing the public's awareness on the importance of adequate IPR protection to investr technology transfer and sustainable development, (c) support for Central American efforts to build regional and national consensus on required IPR policy changes, and technical training to patent, trademark and copyright registry officials.

USAID contributes to strength-ening the protection of interna-tionally-recognized workers rights through improving and simplifying labor legislation and upgrading enforcement capabilities. Regional workshops and national seminars emphasize: (a) the relation between increased trade and better wages, and the higher levels of com and productivity required to succeed in hemispheric markets; (b) worker rights and their relationship to trade preferences; and (c) models of labor-management cooper contribute to both increased productivity and higher wages.

POTENTIAL TRADE AND INVESTMENT REFORM PARTNERS

1. UNCTAD Trade Points. <http://www.unicc.org/untpdc/welcome.html>

The United Nations Conference on Trade and Development manages a global program called TradePoints in more than 120 countries. Each trade point provides information needed to facilitate trade transactions. While designed as a business facilitation service, Trade Points has also forced positive economic policy reforms.

2. IFC Africa Business Network: <http://www.ifc.org/abn/>

The International Finance Corporation has launched an Internet-based investment tool, called Africa Business Network. Oriented towards the needs of foreign investors and African businesspersons, it is designed to increase information access for the private sector. However by articulating investment rules and strategies of African countries, it may have an indirect impact on reforming less competitive economies.

3. MIGA: IPANet and Privatization Link. <http://www.ipanet.net>

The Multilateral Investment Guarantee Agency has an Internet-based investment promotion network, IPANet, which offers information ranging from profiles of business environments to joint venture opportunities and privatization initiatives. IPANet links national investment boards, thereby adding transparency and competition among national investment policies.

MIGA is also developing Privatization Link, an on-line information service initially focusing on Africa, that will allow governments to present their privatization programs. Again transparency should induce competition and liberalized policies.

4. U.S. Department of Commerce STAT-USA. <http://www.stat-usa.gov>

This U.S. government program produces and distributes business, economic and trade information products to the American business community, much of which is generated by U.S. commercial officers abroad. Materials include trade and investment policies of most American trading partners. The National Trade DataBase is available on a subscription basis and has many customers, among which are foreigners who value the commercial insights gained from this service.

5. USDA Foreign Agricultural Service <http://www.fas.usda.gov>

The Foreign Agricultural Service attempts to promote exports of U.S. agricultural products. The Foreign Agricultural Service web site contains information on agricultural trade conditions, markets, agreements, and policies, and links with its 80 collaborators, who are U.S. agribusiness associations. There may be opportunities to USAID to jointly work on trade liberalizing, policy-oriented Internet applications for particular countries and regions.

6. Overseas Private Investment Corporation. <http://www.opic.gov>

While transaction oriented, the Overseas Private Investment Corporation does support U.S.

direct investment in developing countries. There may be opportunities for USAID to collaborate via the Internet on investment policy reform for particular countries or regions.

7. U.S. Export-Import Bank <http://www.exim.gov>

The U.S. Export-Import Bank promotes U.S. exports through loans and guarantees, working capital, and export credit insurance. While ExIm is oriented to business transactions, ExIm and USAID have collaborated in the past; and there may be opportunities in times to come. For example, should the ExIm Bank concentrate on the export of American telecommunications and Internet equipment and services, the potential would be there for USAID to assist with associated policy dimensions of increased telecommunications trade.

8. U.S. Trade and Development Agency. <http://www.tda.gov>

The U.S. Trade and Development Agency assists American companies pursue overseas business opportunities. It funds feasibility studies, orientation trips, specialized training, business workshops, and technical assistance to support U.S. firms competing for infrastructure and industrial projects in emerging markets. There could be opportunities to jointly pursue common interests in particular countries or regions where an Internet-based approach might be feasible.

9. U.S. Chamber of Commerce: IBEX <http://www.unibex.com>

IBEX is a business-to-business electronic commerce service which allows small and mid-sized businesses to participate in electronic markets and conduct international business over the Internet. Unibex's Global Resource Center provides functional information for international business transactions.

10. The World Trade Center Association: <http://www.wtca.org>

There are more than 200 World Trade Centers and affiliated associations in most major trading cities around the world. This Association enables members to interact and discuss trade issues. This association is a potential Internet advocacy partner.

11. Federation of International Trade Associations <http://www.fita.org/>

This federation promotes international trade by strengthening local, regional and national associations in the U.S. that have global objectives. It contains information on world trade clubs, international trade associations, and chambers of commerce. It allows a search for international training seminars.

12. TradePoint USA <http://www.natp.iftea.com/>

This non-profit trade and information service organization is affiliated with UNCTAD TradePoints. Trade Point USA provides trade leads and trade backup, market information and UN documents.

13. Trade Compass <http://www.tradecompass.com>

This is a private Internet information system, designed for business involved in international commerce. It provides tools to access current business and trade news, government documents, world trade flow statistics, market reports, shipping schedules, tariff regulations,

etc. It includes an interactive on-line forum to discuss international business, and is launching an international trade distance learning program.

14. IMEX Exchange <http://www.imex.com>

The IMEX Exchange is dedicated to promoting international trade on the Internet, and through international trade, cooperation and understanding among people and nations. It helps internationally focused companies, organizations, and countries develop and implement their Internet strategies through web page design, marketing, networking and education.

15. Circle International Groups, Inc. <http://www.circleintl.com>

A virtual library for the serious importer/exporter, recommended by Dow Jones Business Directory. This firm and web site specialize in international transportation and present a case study on helping an automotive manufacturer with exporting. The site also links to other international transportation industry and trade locations.

16. Wells Fargo and Company <http://www.wellsfargo.com>

This site contains an international trade reference guide, foreign exchange market updates, and on-line banking demonstrations. The trade reference guide is a quick primer in international trade. It includes basic information about business cultures, country legal trends, and other important trade information, as well as a glossary of related terms. Wells Fargo also presents a biweekly economic and foreign exchange report covering international economic conditions.

17. Dunn and Bradstreet Information Services <http://www.dbisna.com>

Helps companies identify trading partners and facilitates trade between those partners.

18. InterAmerican Development Bank: Informatics 2000 <http://www.iadb.org>

The InterAmerican Development Bank is launching a centrally-managed program, Informatics 2000, to encourage use of information technology applications by the public and private sectors in key economic areas for Latin America, including education, banking and agriculture. Much of the program is trade, investment and policy-oriented, so there may be opportunities for USAID to work with Informatics 2000.

19. World Trade Organization: <http://www.wto.org>

The World Trade Organization is responsible for the rules of trade between nations so is intensely involved with trade policies. It uses its web site for electronic outreach, presenting information to interested viewers in English, French and Spanish. There may be opportunities to collaborate on international trade issues.

20. World Bank: <http://www.worldbank.org>

The World Bank is heavily engaged in utilizing information technologies in its programs. The Bank holds virtual conferences to solicit policy input in a variety of areas, manages a pilot program looking for creative uses for the Internet and related information and communications technologies, and conducts distance training. Naturally, the Bank also engages countries in trade and investment policy strengthening programs. Thus, the

possibility of collaboration with USAID.

21. International Monetary Fund. <http://www.imf.org>

The IMF is employing Internet solutions to increase transparency in international financial markets, and is becoming engaged in distance education for economic policy strengthening. Thus the potential for collaboration with USAID in some manner.

22. National Telecommunications and Information Agency. <http://www.ntia.doc.gov>

Given its role in international telecommunications issues as well as the extensive use it makes of the Internet, the NTIA is a natural collaborator with USAID on Internet-based international trade and investment policy reform in the area of telecommunications.

23. U.S. Securities and Exchange Commission. <http://www.sec.gov>

While primarily a financial markets organization, the SEC does play a role in investment decisions, and thus could work with USAID on investment policies in particular countries. USAID is already discussing opportunities for Internet-based technical assistance and training from the SEC.

24. U.S. Information Agency. <http://www.usia.gov>

The U.S. Information Agency has embraced the Internet as an effective tool to carry out its overseas public diplomacy mandate. Virtual libraries, teleconferences, electronic journals and even distance learning are being expanded. Thus the opportunity for USAID to use the growing USIA telecommunications infrastructure to promote economic policy reform, particularly in the area of international trade and investment, where the United States has such a self interest.

25. U.S. Trade Representative. <http://www.ustr.gov>

The U.S. Trade Representative's Office makes extensive use of the Internet to provide information to the American public on foreign trade barriers, international treaties, domestic legislation, and global trading issues. While the USTR is oriented to using the Internet to electronically communicate with the American public, it does have development-related information on its web page, such as a comprehensive trade and development policy for Africa. There may be opportunities to collaborate with USAID, particularly given the USTR's new emphasis on expanding American Internet services in overseas markets.

26. International Tax and Investment Center.

The International Tax and Investment Center is a non-profit research and education foundation to serve as a clearinghouse for tax and investment policy information; and as a training institute for policy-makers in the former Soviet Union and other transitional societies. The Center is unique in that it provides technical assistance strictly over the Internet. Given its policy orientation and means of delivery, the Center is a natural collaborator with USAID programs in transitional societies. Surprisingly, while it uses email extensively, the International Tax and Investment Center presently lacks a home page.

27. Institute for Agriculture and Trade Policy. <http://www.igc.apc.org/iatp>

An advocacy and training non profit organization concerned with international food and agricultural agreements and their implementation, this Institute relies heavily on the Internet to deliver information, advise, and network institutionally. Collaboration might be possible in the international agriculture trade policy arena.

28. International Center for Economic Growth.

This Center is a natural for the Internet, given its institutional networking function. It is about to migrate to an Internet presence, and there could therefore be opportunities to collaborate with USAID on free market international trade and investment policy initiatives via the Internet.

29. Center for International Private Enterprise. <http://www.cipe.org>

USAID could learn a lot from this Center which has done such an excellent job of using the Internet to fulfill its institutional mission of promoting free market economics and strengthening business associations. At the same time, USAID could encourage CIPE to expand its support for business associations to other countries and regions, and could suggest that CIPE offer distance technical assistance and learning via its home pages.

30. American Chambers of Commerce. <http://www.amcham.org.eg> and <http://www.interaccess.com/apcac/indo.htm>. There are a number of American Chambers of Commerce in developing countries and emerging markets which are beginning to develop an Internet presence, as the two home pages indicated above for Egypt and Indonesia so demonstrate. USAID could collaborate with these and other chambers which represent American business interests to display more relevant content on trade and investment policies, to link with important sites, to offer distance consulting and learning opportunities, and of course to network institutionally.

31. Information Technology Association of America. <http://www.itaa.org>

This industrial trade group seeks to liberalize global trading and investment in information technologies, and is thus a natural advocate for telecommunications policy reforms that USAID might be pursuing in individual countries. The Internet could be the tool for both USAID and ITAA to be mutually supportive of one another.

32. Caribbean/Latin American Action. <http://www.claa.org/>

This non-profit organization promotes private sector-oriented economic development in Latin America, and is coordinating the InterAmerican Development Bank's Informatics 2000 initiative for health and agriculture. CLAA has supported movement towards a free trade agreement for the Americas. It has also launched an ambitious Internet-based agricultural information system between North and Latin Americas. CLAA is a natural advocate for freer regional trade and investment and is clearly an Internet enthusiast.

32. IRIS, University of Maryland. <http://www.inform.umd.edu/IRIS>

Institutional Reform and the Informal Sector is a research and policy center at the University of Maryland. IRIS is very much engaged in economic policy reform programs, including initiatives for free trade and investment. IRIS' web pages contain working papers and

conference proceedings. IRIS uses the Internet to conduct some distance technical assistance, when coupled with personal visits. IRIS is already collaborating heavily with USAID, and for example, managed a listserve for USAID economists.

33. HIID, Harvard University. <http://www.hiid.harvard.edu>

The Harvard Institute for International Development is the primary center for international development consultancies and training at Harvard University. HIID has and continues to work with USAID on a number of policy-based programs around the world. HIID uses the Internet to present both administrative and program information, and to communicate with their consultants and development partners.

34. Michigan State University. <http://www.aec.msu.edu/agecon>

MSU is heavily engaged in agricultural economics research and teaching with a focus on African agriculture. The University trains its partners on how to use the Internet for research and plans on developing an Internet-based masters degree program on food policy for African leaders. MSU is therefore a natural partner with USAID as the Internet is used more extensively to promote economic growth in Africa.

POTENTIAL BUSINESS ENVIRONMENT REFORM PARTNERS

1. U.S. Department of Commerce STAT-USA. <http://www.stat-usa.gov>

This U.S. government agency produces and distributes business, economic and trade information products to the American business community, much of which is generated by U.S. commercial officers abroad. Materials include the commercial and economic laws and policies of most American trading partners. The National Trade DataBase is available on a subscription basis and has many customers, among which are foreigners who value the commercial insights gained from this service.

2. U.S. Department of Labor <http://www.dol.gov>

The Bureau of Labor Statistics conducts a number of 5-6 week training programs for international visitors. Course topics include labor market information; measuring wages, salaries, and other compensation; managing information technologies; measuring employment, underemployment and unemployment; analysis of job statistics; economic indicators; measuring productivity; and constructing price indices. Many of these courses could become virtual, allowing larger numbers to participate, and at lower costs.

3. U.S. Patent and Trademark Office <http://www.uspto.gov>

The U.S. Patent and Trademark Office is functional; helping the American public file for patents and trademarks, search for existing patents and trademarks, and learn about the commercial laws pertaining to both. Given the interest of a number of missions in intellectual property rights protection and the involvement of the U.S. Patent and Trademark Office, there could be other ways in which the Internet could be supportive, such as training. The home page has links to international treaties on intellectual property rights, such as the Patent Cooperation Treaty which is the world wide system for simplified multiple filing of patent applications. That site is maintained by the World Intellectual Property Organization.

4. EurAsia Foundation. <http://www.eurasia.org>

The EurAsia Foundation promotes democracy and market economies in the former Soviet Union. Among its objectives include strengthening business associations, and legal and policy reforms aimed at the business environment. The EurAsia Foundation is also an enthusiastic embracer of the Internet, with a number of programs seeking to “wire” both isolated regions of the former Soviet Union as well as economic policy oriented institutions to the world wide web. USAID already supports and works extensively with this Foundation.

5. Soros Foundation. <http://www.soros.org/Internet.html>

The Open Society Institute -- Internet Program seeks to provide email and full Internet access to individuals and organizations throughout the Soros network, which is primarily in Eastern Europe and the former Soviet Union. While not seeking to change particular commercial or economic laws per se, the Internet Program does connect economic research

institutions and universities which would naturally be examining opportunities to strengthen their business environments. USAID works collaboratively already with this Foundation.

6. Institute for Agriculture and Trade Policy. <http://www.igc.apc.org/iatp>

An advocacy and training non-profit organization concerned with international food and agricultural agreements and their implementation, this Institute relies heavily on the Internet to deliver information, advise, and network institutionally. Collaboration might be possible on commercial and economic laws pertaining to agriculture and food policy.

7. U.S. Institute for Peace. <http://www.usip.org>

While its mandate is to promote the peaceful resolution of international conflicts, the U.S. Institute for Peace has a particular interest in “virtual diplomacy” in which it is exploring the long-term issues involved in international relations in the global information age. It is planning a rule of law program in Rwanda which will post both U.S. laws and case materials and Rwandan laws and related materials on the Internet. Commercial laws will be included. Some of their pilot projects which use the Internet to address complex humanitarian emergencies might be applicable to trade disputes between nations.

8. Transparency International. <http://www.transparency.de/>

This non-profit organization seeks to curb corruption through international and national networking, to strengthen public support and understanding, and to enhance public transparency and accountability in international business transactions and public procurements. The organization itself relies extensively on the Internet to carry out its mission, with very useful and practical materials on its web pages. They are natural partners for USAID Internet-based programs which address the commercial and economic laws pertaining to international business transactions and government procurements.

9. International Center for Economic Growth.

This Center is a natural for the Internet, given its institutional networking function. It is about to migrate to an Internet presence, and there could therefore be opportunities to collaborate with USAID on commercial and economic law reform initiatives via the Internet.

10. Center for International Private Enterprise. <http://www.cipe.org>

USAID could learn a lot from this Center which has done such an excellent job of using the Internet to fulfill its institutional mission of promoting free market economics and strengthening business associations. At the same time, USAID could encourage CIPE to expand its support for business associations to other countries and regions, and could suggest that CIPE offer distance technical assistance and learning via its home pages.

11. American Chambers of Commerce. <http://www.amcham.org.eg> and <http://www.interaccess.com/apcac/indo.htm>. There are a number of American Chambers of Commerce in developing countries and emerging markets which are beginning to develop an Internet presence, as the two home pages indicated above for Egypt and Indonesia so demonstrate. USAID could collaborate with these and other chambers which represent American business interests to display more relevant content on commercial and economic

laws, to link with important sites, to offer distance consulting and learning opportunities, and of course to network institutionally.

12. Caribbean/Latin American Action. <http://www.claa.org/>

This non-profit organization promotes private sector-oriented economic development in Latin America, and is coordinating the InterAmerican Development Bank's Informatics 2000 initiative for health and agriculture. CLAA has supported movement towards a free trade agreement for the Americas. It has also launched an ambitious Internet-based agricultural information system between North and Latin Americas. CLAA is a natural advocate for commercial and economic law reforms and is clearly an Internet enthusiast.

13. International Law Institute. <http://www.ili.org>

The International Law Institute is a non-profit organization, originally at Georgetown University, to conduct scholarly research, publish, and provide practical legal training and technical assistance on international legal and economic policy and practices. ILI has trained 6,000 lawyers and officials from 155 countries since its inception. ILI uses the Internet extensively to network professionally and institutionally, research international law, extract information (for example on Ugandan laws) and to inform publics (as they are helping to post some East European commercial law on the Internet). ILI would be very interested in creating a virtual commercial law repository, for say the former Soviet Union.

14. ARD/Checchi Joint Venture, with Management Systems Intl, Dean Dinwoodey Center (GWU Law School), New York City Bar, Multinational Strategies Inc, the PBN Company, and American Manufactures Export Group as subcontractors for a USAID IQC-like contract. The consortium brings expertise in institutional development, the rule of law, administration of justice, and commercial, legal and regulatory reform.

15. Chemonics Intl. with the Institute for Public and Private Partnerships, International Development Law Institute, International Center for Economic Growth, Ernst and Young and IDR Associates as subcontractors; and University of Wisconsin - Madison Law School, George Mason University School of Law, National Center for State Courts, Chadbourne and Parke, LLP, Morgan, Lewis and Bockius, the Asia Foundation, and International Center for Not-for-Profit Law as Resources. This consortium has extensive experience in building legal and institutional frameworks for transition economies, including drafting commercial codes, developing public-private partnerships for infrastructure regulations, creating alternative dispute resolution mechanisms, and overhauling intellectual property regimes and other legislation to permit freer trade and World Trade Organization accession. The work is provided to USAID under an IQC like contract.

16. Financial Markets Intl. with Gardiner, Kamy International Inc as a subcontractor under a Legal and Institutional Reform IQC contract. The consortium encompasses legal and regulatory infrastructure projects, exchange development services, private and public sector market surveillance, institutional development, pension reform, employment restructuring, health-sector reform, and education/training.

17. Price Waterhouse LLC, with the American Bar Association, Development Associates Inc., Morgan, Lewis and Bockius LLP, Morrison and Foerster LLP, and SRI International, Steptoe and Johnson LLP, and the Urban Institute as subcontractors; and American Capital Strategies, International Management and Development Group Ltd, JE Austin Associates Inc., and Rust International Inc. as Resource firms. The work is provided to USAID under an IQC-like contract. Price Waterhouse is joined by several firms with experience in the law, and in institutional development. These firms are some of America's largest and most important firms and together have offices or relationships in every part of the world.

18. IRIS Center at the University of Maryland with subcontractors Development Alternatives Inc., Georgetown University Law Center, Harvard Institute for International Development, International Law Institute, Louis Berger Inc., Nathan Associates, and University of Michigan Law School, under a IQC-like contract. The IRIS Center and the other members of the consortium have extensive experience in legal and institutional reform in over 130 countries for USAID and other donors and private foundations. IRIS's program involves research, assistance in reform activities, and dissemination of ideas and lessons learned.

19. Cornell University Legal Information Institute <http://www.law.cornell.edu/lii.html>
The Legal Information Institute was established in 1992 to explore ways of distributing legal documents and commentary in electronic form. It has evolved an elaborate and comprehensive web site containing the U.S. Commercial Code, Supreme Court and other cases, and various foreign and international legal materials. LII has worked with the University of Zambia Law School to fulfill a similar function in Zambia. The Institute would be a good partner to help other nations undertake similar efforts.

20. Stanford University. <http://www.stanford.edu>

Given its focus on law and economics, this Stanford University Internet presence is quite interesting. Among the materials presented are an encyclopedia of law and economics, a law and economics mailing list, and law and economics trade associations. The web site is well organized and has important links to both the legal and economics professions. Should USAID wish to pursue Internet-led initiatives to improve business environments, organizations which are essentially virtual such as this one, might become natural partners.

21. George Mason University. <http://www.findlaw.com/lawecon/04mail/gmumail.html>
George Mason University's Law and Economics mailing list allows the subscriber to receive law and economics professional materials. It illustrates how some cyber partnerships may be quite casual, yet important in terms of professional and institutional networking.